

## Israel to Censor All Reporting on Soviet Immigrants

By Jackson Diehl  
Washington Post Service

**JERUSALEM**—Israel imposed military censorship Friday on domestic and foreign media reports about Soviet Jewish immigration.

The action followed weeks of debate and protests in the Middle East and in Western capitals over the prospect that thousands of the new immigrants would be settled in the Israeli-occupied West Bank and Gaza Strip.

The decision, announced in a one-line communiqué from the military spokesman's office, is one of the broadest extensions of censorship over nonmilitary issues in Israel in recent years.

The step was taken as Prime Minister Yitzhak Shamir and other senior officials reacted sharply to an effort by the United States to link financial assistance to Israel to a freeze on further settlement in the occupied territories.

Israel is seeking \$400 million in loan guarantees from the United States to help build housing for immigrants, but has been unwilling to offer public assurances that the money will not be used, directly or indirectly, for the expansion of settlements.

Responding to testimony in Congress on Thursday by the U.S. secretary of state, James A. Baker 3d, Mr. Shamir released a statement Friday saying that the linkage of the issue of immigration and the problem of settlements was "completely unnecessary."

[The Bush administration on Friday offered Israel guaranteed loans to help resettle Soviet Jews in an effort to calm Israel's anger over tough words by Mr. Baker and rescue Middle East peace efforts, Reuters reported from Washington.]

[In an abrupt reversal, the State Department spokesman, Margaret D. Tutwiler, said Washington would support the loan guarantees if Israel provided assurances about the use of the money similar to

those it provides for \$3 billion in U.S. aid it receives each year.]

Mr. Baker had said that the Bush administration would be willing to support a Senate bill that would grant the loan guarantees to Israel only if it received a commitment that settlement activity be halted.

Mr. Shamir's statement said, "We do not accept this American position and we intend holding a thorough discussion with the U.S. administration."

The conservative prime minister's stand was backed by Deputy Prime Minister Shimon Peres, the leader of the Labor Party, as well as other prominent politicians.

Soviet Jewish immigration to Israel has been mounting since October, but wide debate flared only after Mr. Shamir delivered a speech in January declaring that the "big immigration" required "a big Israel."

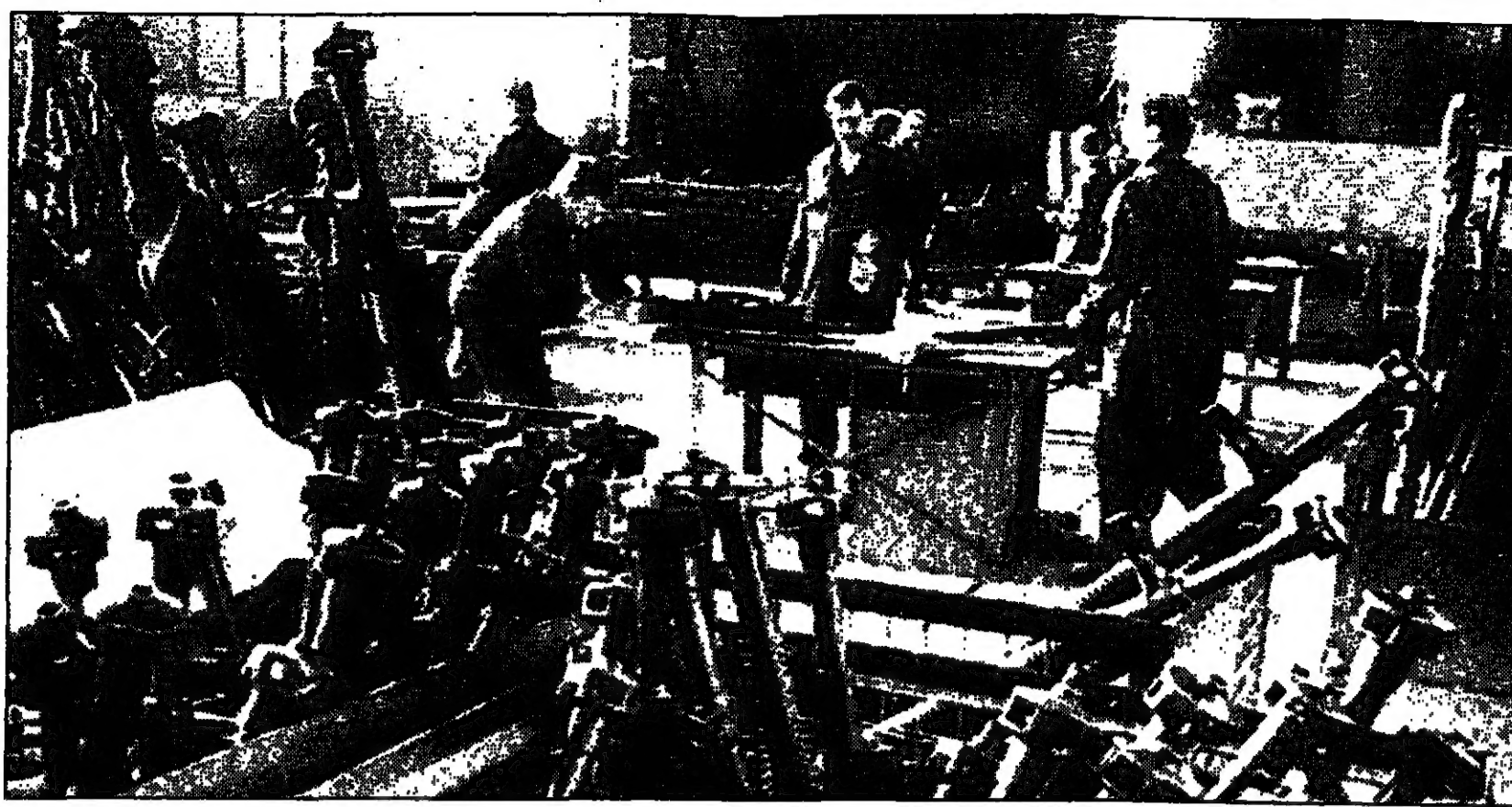
It was not clear what kinds of information would be banned under the censorship. The army's statement was broad, saying, "All material pertaining to immigration of Soviet Jews must be submitted to the censor prior to publication."

However, some reports have suggested that the measure is primarily aimed at halting the release of figures on the numbers of Jews arriving in Israel and projections of future immigration.

Estimates that up to 750,000 Soviet Jews are preparing to leave for Israel have fueled a continuing campaign by Arab governments to limit or stop the influx.

A new controversy erupted in Israel this week over reports that a senior government immigration official had projected that 230,000 Soviet Jews would arrive in Israel this year alone. After that information was broadcast on Israeli television, several political figures suggested that data on Soviet Jews arriving in the country be censored.

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East German workers preparing machine guns to be melted down for scrap Friday near Magdeburg. The weapons came from members of the disbanded workers' militia.

## Mark and Yen Slide Further Intervention by U.S. and Japan Fails to Restrain Dollar

By Carl Gewirtz  
International Herald Tribune

**PARIS**—The dollar firmed Friday as central bank intervention failed to halt the slide of both the Deutsche mark and the yen.

The Bank of Japan in Tokyo and the Federal Reserve acting on behalf of the Japanese in New York barely managed to steady the exchange rate at around 150 yen to the dollar. In Tokyo, the dollar hit an eight-month high of 150.30 yen and repeated intervention later by the Fed was unable to nudge it below 150 yen.

The Bundesbank, acting in concert with the central banks of France and Spain, had better success in arresting the Deutsche

mark's movement, but dealers claimed the action as a defeat for the central banks.

The officials struck when the dollar was trading at a two-month high of 1.7218 DM. The intervention momentarily knocked the rate down to 1.7070 DM and it subsequently rebounded to close at 1.7175 DM.

The recovery, on a Friday afternoon when trading is traditionally thin and operators reluctant to start a fight with officials ahead of the weekend, exposed just how far confidence in the mark has been undermined, dealers said.

Such a comeback of the dollar "rings my bell," said Roland Scharff, treasurer at Hessische

Landesbank in Frankfurt. "It says the dollar is stronger and the Deutsche mark weaker than the market had realized."

Tim O'Dell, economic strategist for UBS/Phillips & Drew, said that the dollar's rise "is clearly a tactical setback for the Bundesbank, and a worrying one, because it opens the way for a further fall of the mark that risks to inflame market concern about the outlook for inflation in West Germany."

The dilemma facing the Bundesbank, said John Lipsky, London-based analyst for Salomon Brothers, is that it is trying to grapple with shadows — market fears about the costs of a monetary

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## Orphans of History Cloud Reunification

By Glenn Frankel  
Washington Post Service

**BONN**—For most of the world, the reunification of Germany marks the last chapter in the history of World War II.

But for millions of Germans who fled or were driven from their homelands after the war and forced to resettle in East or West Germany, the story is not over. Their demands cast a long shadow over the unification process.

They are history's orphans, dispossessed by war, evicted from lands in present-day Poland, Czechoslovakia and the Soviet Union that their families had lived on for hundreds of years. Now that history is about to heal the deep division between East and West Germany and codify the new Germany's permanent border with Poland, they and their heirs insist that any solution must include settlement of their grievances.

"A lot of people abroad do not realize this has nothing to do with the Third Reich," said Harmut Koschik, general secretary of the

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## Kohl Ties Border to War Debt

### Chancellor Asks Poland to Waive Reparation Claim

By Serge Schmemmann  
New York Times Service

**BONN**—Chancellor Helmut Kohl said Friday that any treaty in which a reunited Germany would affirm Poland's western border should also include a waiver by Poland of any claim to war reparations, as well as guarantees for the German minority in Poland.

That twist in the escalating dispute over Poland's border was seen by diplomats as an attempt by Mr. Kohl to find a face-saving way out of the corner into which he has painted himself through his intransigence, or at least as a bid to gain allied time.

A statement issued by a spokesman for the chancellor repeated his recent proposal that both German parliaments should accept resolutions rejecting any claims to Polish territory.

This time, however, Mr. Kohl added that the resolutions "would have to make it clear that the Polish government's declaration of Aug. 23, 1953, waiving any claims to reparations from Germany, remains valid, and that the rights of the Germans, as agreed by Chancellor Kohl and Prime Minister Tadeusz Mazowiecki in the joint declaration of Nov. 14, 1989, will be regulated by a treaty."

The statement added: "On the basis of such a resolution by the two freely elected German parliaments, a treaty should be concluded between an all-German government and the Polish government, and ratified by an all-German parliament."

[Poland threatened on Friday to demand compensation from Germany for more than one million Poles who were forced to work as slave laborers by the Nazis, Reuters reported from Warsaw.]

"Poland did not want to link the question of the regulation by treaty of the Oder-Neisse border with other issues," Malgorzata Niezabitowska, a government spokeswoman said on Polish television. "Now, the West German side wants to widen the matter, we will put up the question of compensation for more than one million Polish citizens who were forced laborers in the Third Reich during the Second World War."

Diplomats noted that the new suggestion that parliamentary resolutions become the basis for a treaty marked a possible step by the chancellor toward meeting Poland's demand that the parliament draft treaties now that could be ratified after reunification.

Mr. Kohl so far has rejected the idea, and the resolutions he has proposed would include the proviso that only a united Germany could make a final settlement.

At the same time, Mr. Kohl appeared to be seeking a Polish gesture that would enable him to claim that he had received something in return for finalizing the loss of German territories ceded to Poland after World War II.

But if that was Mr. Kohl's gambit, diplomats thought it carried the risk of further exacerbating the dispute. It could give the impression that the chancellor was bargaining with an issue that much of the world has come to view as a foregone conclusion of how the Germans might behave once they were reunified.

Mr. Kohl has come under fire at home and abroad for evading Poland's demands for a firm guarantee that a reunited Germany would not challenge the borders laid down by the victorious allies after the war. The borders were meant to

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## Klosk Million Attend Rites in Baku

**MOSCOW** (Reuters)—About a million people attended a mourning ceremony in Baku, the capital of the Azerbaijan Republic, on Friday for those killed when Soviet troops entered the city to stop ethnic rioting and nationalist demonstrations, the Tass news agency reported.

Official figures say 143 persons died when the Soviet forces stormed civilian barricades Jan. 20 after a week of anti-Armenian massacres and demands for the resignation of the republic's Communist leadership.

**General News**  
Fighting to survive, some Soviet cooperatives have turned to politics. Page 2.  
African National Congress leaders made Nelson Mandela their effective head. Page 2.

**Sports**  
Baseball negotiations have boiled down to high-stakes poker. Analysis, Page 25.

**Crossword** Page 25.  
Down Close The Dollar in New York  
Up 2.77  
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## Bush Will Press Kaifu To Cut Import Barriers

By Clyde H. Farnsworth  
New York Times Service

**WASHINGTON**—As the leaders of the two biggest economic powers meet this weekend in Palm Springs, California, the United States will offer Japan a closer global economic partnership but also insist that it slash import barriers, according to U.S. officials.

Japanese officials in Washington and Tokyo said they did not expect Prime Minister Toshiki Kaifu to make any commitments to President George Bush.

The Japanese officials also said they were fearful that American demands for rapid action on trade issues could undermine the chances of future Japanese concessions.

[The White House press secretary Martin Fitzwater said Friday that Mr. Bush would stress the importance of opening Japan's markets and emphasize the possibility of U.S. sanctions if Tokyo does not act to cool tensions between the nations, the Associated Press reported from Los Angeles.]

[On the eve of the summit, Mr. Bush said of Mr. Kaifu, "We've got to convince him that we've got to move forward with some of the tough problems."]

Japanese officials said high expectations for the weekend talks could backfire.

"I find it difficult to think that something specific will come out of this meeting, especially when it was

proposed several days ago," a senior Japanese official said.

One U.S. official said Mr. Bush's short-term goal was to send a clear signal to the bureaucracies of both the United States and Japan to settle trade issues quickly.

Usually, Japanese prime ministers request meetings with American presidents. But this time it was Mr. Bush who took the initiative, proposing the meeting with Mr. Kaifu less than two weeks after the Japanese leader's party retained power in parliamentary elections.

The White House is being forced to pursue the Japanese issues vigorously because the president faces a series of deadlines imposed by Congress. The administration must decide in the next few months whether to impose sanctions on Japan, and the 1988 Omnibus Trade and Competitiveness Act gives it less discretion in such decisions.

By inviting Mr. Kaifu on such short notice, the president has given a signal that he intends to be forceful on the trade issue, if only to deflect some heat from Congress.

In the past, meetings of Japanese and American leaders have not yielded breakthroughs.

In light of the opening position taken by Tokyo, the weekend talks may be little more productive. The White House has tried to lower expectations by insisting that the meeting, the second between Mr. Kaifu and Mr. Bush, is not intended



Prime Minister Toshiki Kaifu of Japan departing for the United States, where he is holding trade talks with President Bush.

ed for decision making, but rather for general discussion about the relationship between the two nations.

While Mr. Bush and Mr. Kaifu will hardly discuss technical differences over wood-product tariffs or Japanese reluctance to buy American satellites, Mr. Bush is seeking a political commitment that would shift Japan from an export superpower to a leading importer.

"It's like arms control negotiations with the Soviet Union," a senior American official said. "There's the need to get the political level engaged before progress can be made at the technical level."

What Mr. Bush is seeking, according to one White House official, is a "broad, conceptual, forward-looking" set of talks about where the Japanese-American relationship is headed.

## Kohl's Plea to a Rabbi: Trust the New Germany

By Robert Pear  
New York Times Service

**WASHINGTON**—Chancellor Helmut Kohl of West Germany says he understands the anxieties of Holocaust survivors about the unification of Germany, but he insists that such fears are unjustified.

Fed up with communism and its "distorted view of history," East Germans are "immune to any new totalitarian temptations," Mr. Kohl said in a philosophical letter discussing the Nazi era and the burden of German history.

In recent years, Mr. Kohl has talked forthrightly about Nazi crimes. But the letter includes his most extensive comments since the push for German reunification gave rise to fears about a resurgence of German power and nationalism.

The letter, dated Feb. 28, was sent on Thursday to Rabbi Marvin H. Stern, dean of the Simon Wiesenthal Center for Holocaust studies in Los Angeles.

Rabbi Stern had sent a letter to Mr. Kohl three weeks ago asking how a united Germany would preserve the memory of Nazi crimes, which included the extermination of an estimated 6 million Jews.

In his response, Mr. Kohl said West Germans had been fully informed of "the causes and consequences" of Nazi tyranny, through schools and universities, church groups and the press.

He expressed "deep disappointment at how little many opponents of German unity take note" of that public information campaign.

Under West Germany's penal code, Mr. Kohl said, "crimes of hatred" are punishable with fines or prison sentences. Such crimes, he said, include the dissemination of neo-Nazi propaganda, "instigation of the people, incitement to racial hatred or defamation of National Socialist victims, especially by denial of the Holocaust."

"To my mind, there is no doubt that these provisions will also apply in a united Germany," Mr. Kohl wrote. "This certainly does not require any special demand."

Rabbi Stern and others have contended that East Germans have not confronted the Nazi past as thoroughly as West Germans.

Robert Gerald Livingston, director of the American Institute for Contemporary German Studies at Johns Hopkins University, said: "In East German textbooks and novels, there has been hardly any treatment of the Holocaust and crimes of the Third Reich against the Jews."

"The Communist regime in East Germany took the position that we are an anti-fascist government," that Communists were the first to oppose Hitler and the first victims of Hitler, even before the Jews," he said. "Many of the old regime, including Erich Honecker, were in Nazi prisons. The old regime dis-

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## 10 Years 'Dead,' KGB Defector Goes Public in U.S.

By David Ignatius  
Washington Post Service

**WASHINGTON**—On May 16, 1980, a KGB major named Victor Ivanovich Sheymov disappeared from Moscow with his wife and child. Nothing was missing from his apartment, and the few clues left behind suggested that Major Sheymov and his family might be dead.

By the next day, Major Sheymov was on his way to the United States, smuggled out by the Central Intelligence Agency. He was granted political asylum in the United States and is now a U.S. citizen.

Major Sheymov, previously unknown to the public, appears to be one of the most unusual Soviet defectors of the Cold War. He worked in the Eighth Chief Directorate, which handles communications intelligence and is probably the most secret and sensitive part of the KGB. At the time he left the Soviet secret service, he had a comprehensive knowledge of all KGB cipher systems and was familiar with the KGB's communications-intercept and code-breaking activities.

"The peculiar thing about me was that I was in the inner sanctum of the KGB, so I knew the whole system, including the cipher system," Major Sheymov said in one of a series of recent interviews with his case.

A Bush administration spokesman who is familiar with the Sheymov case, but who

asked not to be identified, said, "He was a major defector who made a highly valuable contribution to our country and national security. It is his decision to go public now, and we respect that."

Major Sheymov's defection has been one of the best-kept secrets in the intelligence business. He said he had decided to speak out because he wanted to be able to comment openly on Soviet-American affairs and because, "No secret lasts forever. This one lasted 10 years, and that's enough."

One of the crucial moments in the gradual disillusionment that led to his defection, Major Sheymov said, came during a trip to Poland in 1979. He learned then of a KGB cable that he interpreted as indicating that the Soviet Union might be considering a plan to assassinate Pope John Paul II.

He was meeting with the KGB general who officially headed the Warsaw office when he walked a Colonel Soloviyev, the undercover chief of station. Colonel Soloviyev said he had an urgent cable from Moscow, Major Sheymov recalled.

"The cable said, 'Obtain all the information possible how to get physically close to the Pope,'" Major Sheymov said. It was signed by the chief of the KGB at the time, Yuri V. Andropov, who later became the Soviet leader.

"Everyone knew what it meant," Major

Sheymov said. "It meant they wanted to assassinate the Pope."

He recalls that the KGB general complained to his two colleagues, "If we do that, we'll have to kill them all or get out of here," that is, out of Poland.

Another indication of Mr. Andropov's interest in the Polish-born Pope was an earlier cable to the Warsaw station, sent shortly after the election of John Paul II in 1978. Mr. Andropov allegedly complained to the Warsaw KGB chief, "How could you possibly allow election of a citizen of a socialist country as Pope?"

There has been speculation that the KGB was involved in the May 1981 attempt by Mehmet Ali Agca to assassinate the Pope. That speculation has focused on Mr. Agca's alleged "Bulgarian connection." The evidence for this link was murky during Mr. Agca's trial.

Major Sheymov said he told his CIA debriefers about Mr. Andropov's interest in the Pope soon after he arrived in the United States in 1980, months before the assassination attempt. He said he did not know

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IVORY COAST TURMOIL—Abidjan residents skirting a bus that was damaged as hundreds of demonstrators called for the resignation of President Felix Houphouët-Boigny. Page 2.



# Mandela Is Named De Facto ANC Chief As Factions Unite

**By David B. Ottaway**  
*Washington Post Service*

LUSAKA, Zambia — The African National Congress named Nelson Mandela its effective leader Friday, confirming his preeminent position within the organization after being released last month following more than 27 years in jail.

Mr. Mandela was formally named deputy to Oliver Tambo, the ANC president. Mr. Tambo is recovering from a stroke in Sweden. Mr. Mandela now will become the ANC's effective leader with the formal title of deputy president.

The decision was announced following a two-day meeting of the 35-member National Executive Committee of the ANC in Lusaka. The committee is the ANC's main policy-making group.

Mr. Mandela also appeared to have ended the feud between hard-line and moderate elements within the ANC over whether to negotiate with the South African government. He also seemed to have united virtually all members behind his stand in favor of talks and relative moderation.

A communiqué issued at the end of the meeting made no mention of a continuing commitment to an armed struggle, which had been stressed in other recent ANC statements.

President Kenneth Kaunda of Zambia and some South African church leaders, including Archbishop Desmond M. Tutu, had called upon the ANC to forgo the armed struggle in light of President Frederik W. de Klerk's recent political changes and readiness to negotiate with the ANC.

The ANC said that it welcomed Mr. de Klerk's "positive response" so far. The group also said that it had decided to initiate contact with the South African government "immediately" to set a date for a first meeting to discuss remaining obstacles to the opening of negotiations on a new, nonracial democratic system for South Africa.

The ANC had demanded that the state of emergency be scrapped and that all troops be withdrawn from black townships before it would engage the government in "talks about talks."

But Friday's communiqué did not mention either of these demands specifically and simply said that "all other obstacles" to negotiations should be removed by Mr. de Klerk.

On the whole, the overwhelming desire of most ANC officials and members appeared to be to go back home now and join the political battle developing over negotiations for a future South Africa.

Even Martin Thembisile Hani, the ANC's chief of staff and deputy commander of its military wing, proposed to hold talks with the South African Army about the formation of a new integrated army.

Another ANC official being mentioned as a future member of the organization's negotiating team was Joe Slovo, the secretary-general of the South African Communist Party.

Whether the South African government will agree to allow both men back into the country without prosecuting them remains to be seen. The ANC is pressing Pretoria to declare a general amnesty so that all ANC exiled officials and members can return home freely.

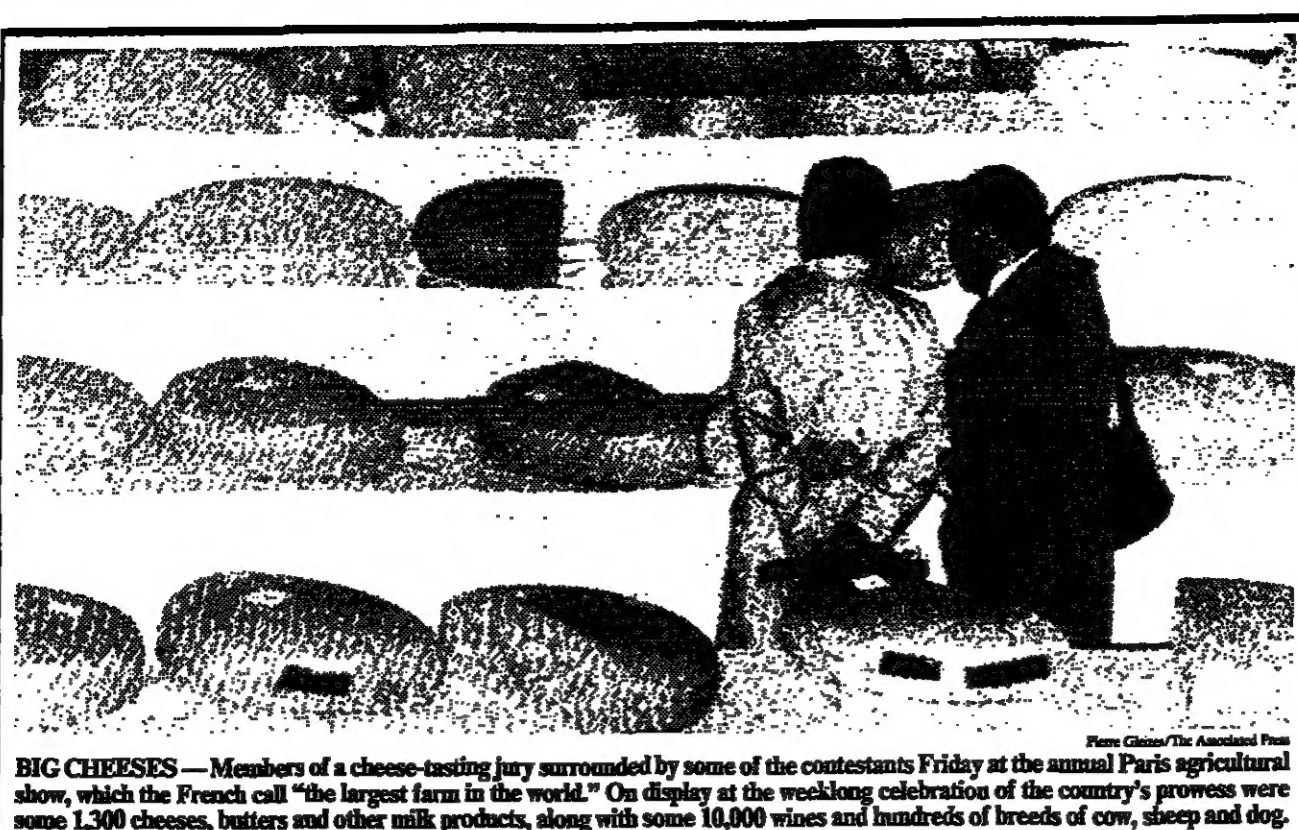
The ANC executive also announced the following decisions:

• To open a headquarters office in Johannesburg and other offices across the country.

• To include two other recently released top ANC officials, Walter Sisulu and Govan Mbeki, on the committee.

• To mandate a delegation to initiate "an extensive process of consultation with all democratic and anti-apartheid forces" inside South Africa to study the ANC's future relationship with them.

• To appeal to its international allies for material assistance to help re-establish the ANC inside the country.



**BIG CHEESES** — Members of a cheese-tasting jury surrounded by some of the contestants Friday at the annual Paris agricultural show, which the French call "the largest farm in the world." On display at the weeklong celebration of the country's prowess were some 1,300 cheeses, butters and other milk products, along with some 10,000 wines and hundreds of breeds of cow, sheep and dog.

## Soviet Cooperatives Fighting to Survive In Southern Russia, Entrepreneurs Turn to Politics in Battle With Officials

**By Bill Keller**  
*New York Times Service*

MAIKOP, U.S.S.R. — This fertile region of southern Russia, best known for producing wheat, corn and President Mikhail S. Gorbachev, is rapidly acquiring a reputation as the graveyard of Soviet free enterprise.

Last year alone, authorities here in the sprawling territory of Krasnodar killed off more than 1,000 of the small, independent businesses called cooperatives.

Once the spring flowers of Mr. Gorbachev's economic program, they are now regarded by the territory's party leader as "a malignant tumor."

In Maikop, the cooperatives have begun to fight back — with lawsuits, a strike, a protest rally, and now a foray into local politics.

"We should have moved earlier," said Alexander S. Khomich, 58, a cooperative building contractor who is running for city council in Maikop, 195 kilometers (120 miles) from Mr. Gorbachev's birthplace in the town of Privolnoye. "We were busy with work, and we got used to thinking it didn't matter."

The Maikop cooperatives have put up four candidates for the 125 seats in the council, a bare foothold even if they win in the elections, to be held Sunday in the three most populous republics, Russia, Byelorussia and the Ukraine.

But together with entrepreneurs throughout the country, they are talking seriously about the next step: creating their own political party as soon as the Communists deliver on their promise to legalize political pluralism.

Maikop cooperatives were to meet on Friday to endorse a proposal circulating among beleaguered Soviet businessmen: the creation of a nationwide Free Labor Party that would also be open to private farmers, workers who have leased factories from the state, and others taking part in the various faltering economic experiments allowed since Mr. Gorbachev came to power in 1985.

Like many of the fledgling politicians running for republic parliaments and local offices in the elections, the entrepreneurs of Krasnodar have discovered the truism that all politics is local.

As the Soviet center loosens its hold, the local authorities are gaining more power to promote Mr. Gorbachev's liberalizations — or to stifle them.

In the early days after the passage of Mr. Gorbachev's first important economic experiment, the 1988 law encouraging cooperatives, Krasnodar promised to be a showplace of the new market-minded economics.

The concept of private initiative has not been entirely snuffed out by collectivization in the region.

In and around the city of Krasnodar, private homes are still more common than concrete high-rises, and rich family garden plots have long fed a flourishing if furtive private trade in food.

Cooperatives sprang up by the thousands, selling pizza and kitchen furniture, constructing homes and cleaning toilets, growing hybrid seed corn and reprocessing scrap steel.

But last year, private businessmen came under attack from the economic establishment, which did not relish the challenge from the new private sector, and from the public, bred on seven decades of egalitarian ideology and now resentful of the stylishly dressed new entrepreneurial class and its high-price establishments.

Mr. Gorbachev fended off demands to strangle the cooperative movement by ceding the decisions to the local authorities.

In Krasnodar, local authorities suddenly saw a way to rid themselves of a nuisance while striking a populist pose.

"We are on the offensive," the territory's chief executive, Nikolai I. Kondratenko, announced in an interview with Moscow News last year. "My people have the right to know who is robbing them."

Ivan K. Polozkov, the party boss, declared on television: "Cooperatives are a social evil, a malignant tumor. Let us combat this evil in a united front."

Mr. Kondratenko declined to be interviewed, saying through his secretary that he was too busy with his election campaign. He is running against a token opponent in a farming area that has prospered from his official patronage.

Mr. Polozkov also was said to be busy on the campaign trail.

At the peak of their crackdown last summer, the two leaders and their allies were shutting down new ventures at the rate of seven a day. There is no sign that they have been deterred by a federal ruling that some of their methods violated Soviet law.

"To our authorities, the cooperative people represent an alien ideology," said Sergei G. Luch, a correspondent who has written sympathetically about private entrepreneurs in the territory's official youth newspaper, *Komsomolskiy Khabner*. "They are free people."

Businessmen in Krasnodar say the tactics employed against entrepreneurs are much the same as those used to squeeze the life out of the last major Soviet economic experiment, Lenin's New Economic Policy, in the late 1920s: confiscatory taxes, strict limits on access to raw materials, and permits granted and then mysteriously canceled, all accompanied by a relentlessly hostile propaganda campaign.

To begin with, said Alexei I. Yakir, the chairman of a Krasnodar lawyers' cooperative that has defended businessmen in court, the territory has decreed the closing of virtually all trading cooperatives, which specialized in buying surplus farm products or other goods and reselling them at a profit.

Most medical cooperatives and many restaurants were closed, on the ground that they were siphoning off scarce supplies from the public.

Cooperative restaurants were already forbidden to shop for ingredients in subsidized state stores, but Krasnodar went a step further and excluded them from farmers' markets as well.

Restaurants that could not contract directly with farmers for their meat and vegetables were ordered to close.

Last month, the federal prosecutor ruled that many of these closings had been illegal because cooperatives were not allowed to appeal. Krasnodar businessmen are cynical about their chances in court.

Those businessmen who have not been ordered to close say they have been pushed to the brink by taxes and other policies.

Alexei A. Myasnikov, director of a cooperative that cleans toilets and coops, called the elections Sunday "a farce," with many Communist Party incumbents running unopposed or against nonentities.

He recalls with faint optimism, however, that voters have the right to vote "no," and that many have exercised that prerogative in electing a Soviet parliament in a year ago.

"Our only hope is to cross out the lot of them, and get some new candidates," he said.

## Ivory Coast Protesters Assail Austerity Plan

**By Kenneth B. Noble**  
*New York Times Service*

ABIDJAN, Ivory Coast — Hundreds of students demanding the resignation of President Félix Houphouët-Boigny clashed with police Friday in the most violent of the anti-government demonstrations that began two weeks ago.

Witnesses said some protesters lobbed firebombs at the police. Police in armored vans responded by hurling tear gas and concussion grenades. Traffic came to a halt and most shops in the business district closed as fighting continued for several hours. Many civil servants and other workers left their jobs in response to a strike call, and students walked out of classes.

In some areas, reporters saw soldiers take up positions inside school grounds, apparently to ward off militant teenagers against further protest. University students have so far been at the forefront of the protests; they have increasingly been joined by youths from secondary and primary schools.

[As the protests swelled Friday, the government ordered the closure of schools and universities in Abidjan and nearby Bingerville, The Associated Press reported.]

The students chanted, "Houphouët, we are fed up!" On a wall

someone had daubed in large white letters, "No more Houphouët!" Others attacked one of the few public buses still running.

"People are sick of his arrogance and are fighting back," a resident said. "This thing is going to grow even bigger."

The state-controlled newspaper, *Fraternité Matin*, which so far has ignored the protests, was ringed with police and armored vehicles. Earlier Friday, reporters watched paramilitary troops fire tear gas at hundreds of uniformed high-school students demonstrating outside the newspaper offices.

Faced with reduced revenues because of slumping prices for cocoa and other commodities, the Houphouët-Boigny government is proposing drastic cuts in civil-service salaries and a "solidarity" income tax.

The incidents began peacefully on Feb. 19 when small groups of university students launched a demonstration to protest recent cuts in scholarships and school fees and impending reductions in government wages. As part of an austerity package, the government has proposed a special tax of 10 percent on private-sector wages and a reduction of 20 percent to 40 percent on government salaries.

## Ceausescu Judge Commits Suicide Ukrainian Miners Strike, Seeking Changes in Party

**Compiled by Our Staff From Dispatches**

BUCHAREST — The president of the military court that ordered the execution of the Romanian dictator, Nicolae Ceausescu, and his wife has committed suicide, Justice Minister Todor Pop said on Friday.

The suicide was disclosed as 21 officers of Mr. Ceausescu's secret police, the Securitate, went on trial for genocide in the western Romanian city of Timisoara.

Mr. Pop said that Major General Gica Popa shot himself in the heart with a pistol in his office at the ministry on Thursday and died in a hospital two hours later. He said that the general, who had headed the Bucharest regional military court since 1987, had suffered a nervous breakdown.

"It was nothing to do with the Ceausescu case," Mr. Pop said. "It was something personal."

The government called a news conference to explain Mr. Popa's suicide and he was identified for the first time as one of judges who had condemned the Ceausescus on Dec. 25.

In Timisoara, where protests sparked the December revolution, a court was told Friday that officers of the Securitate had tried to eliminate all traces of 40 protesters they had killed by stealing the bodies from a hospital, burning them in Bucharest's main crematorium and slipping their ashes down a drain.

The chief prosecutor, Colonel Vasile Kozma, said that 94 people had died in Timisoara during the two weeks of violence that began Dec. 16. Estimates at the time had ranged into the thousands.

Colonel Kozma said that 300 people were injured, 20 were arrested and another 200 were arrested in police raids on Dec. 17 and 18. Many were tortured during their interrogation by the Securitate, Colonel Kozma said.

The defendants, headed by Major General Emil Maci, sat glumly in striped brown prison suits and listened impassively as Colonel Kozma read the indictment.

General Maci and six others accused of committing genocide face life imprisonment if convicted.

The 14 other defendants could go to jail for up to 20 years if convicted on lesser charges of assisting genocide, facilitating the escape of two generals and concealing 40 of the 94 deaths through cremation.

One of those involved in the cremation operation had committed suicide in his jail cell while awaiting trial, the court was told.

Armored personnel carriers and soldiers ringed the downtown building where the trial is taking place in a converted theater.

The trial is being broadcast live on television and is expected to last several weeks. (Reuters, AP, AFP)

**MOSCOW** — Miners in the Ukrainian coal capital of Donetsk walked off the job Friday to press demands that the local Communist Party leadership resign, a city official said.

About 1,500 miners waving banners calling for the resignations gathered in front of party headquarters, and 24 miners announced a hunger strike until the leaders quit, said Nikolai Ponomarenko, a regional strike committee member.

The walkout followed a six-hour "warning strike" Thursday.

Strike leaders in Donetsk, 800 kilometers (500 miles) south of Moscow, said they thought the party leadership would interfere in campaigning for multiparty elections on Sunday in the Ukraine. Elections also will take place in Russia and Byelorussia.

Officials said they made little progress.

Patriarch Sfeir said that he had urged the two Christian leaders to spare civilians.

General Aoun had warned Patriarch Sfeir to stay out of politics and his supporters manhandled the cleric last November after he supported a peace pact that led to the election of the Syrian-backed president, Elias Hrawi.

## WORLD BRIEFS

### U.S. Clean Air Bill Clears Key Hurdle

WASHINGTON (Combined Dispatches) — In a compromise hailed by the White House but sharply criticized by environmentalists, negotiators for the Bush administration and the Senate have agreed on a sweeping package of regulations aimed at cleaning up the nation's polluted air.

The bipartisan accord breaks a decade-long deadlock in the struggle to enact new air pollution controls and paves the way for the first revision in 13 years of the 1970 Clean Air Act. The package is to be introduced in the Senate on Monday.

The senators gave ground by agreeing to stretch out the first stage of new regulations on automobile emissions and to allow a second stage with even stricter limits, only under certain conditions. On acid rain, the Senate leaders agreed to allow power plants in the West and Midwest to continue burning low-sulfur coal for a longer period. The senators also softened a plan to reduce the risk from toxic substances released into the air by industrial plants. (NYT, EAP)

### Norway Opposes Soviet Nuclear Site

OSLO (Reuters) — Prime Minister Jan P. Syse said Friday that he opposed possible plans by the Soviet Union to move a nuclear test site to Arctic islands close to Norway.

Norwegian newspapers said the Pointburo was considering moving a test site from the Soviet republic of Kazakhstan to the islands of Novaya Zemlya, about 600 kilometers (370 miles) northeast of the town of Vandoe, Norway. The newspapers said protests from people living near the Semipalatinsk test range in Kazakhstan may have prompted Soviet authorities to consider the move.

Mr. Syse said that the government had asked the Soviet authorities for clarification. "It is very regrettable if the Soviets now choose to move the whole test-blasting program to an area so close to Norway," Mr. Syse said. "Should this really prove to be correct, I will ask the Soviet authorities to reverse this decision."

### U.S. Cuts Patrols at German Border

FRANKFURT (AP) — The U.S. Army said Friday that it had reduced the number of military patrols along West German borders with East Germany and Czechoslovakia, which for decades formed the boundary line in the Cold War.

A spokesman at U.S. headquarters in Heidelberg, Staff Sergeant Elaine Venema, said changing East-West relations were the reason for the reduction. In all, the Americans are responsible for a stretch of about 1,000 kilometers (630 miles), she said.

Sergeant Venema said that observation posts, where U.S. soldiers keep track of adversaries on the other side, would now be occupied only "periodically for training, rather than full time." She said that the change had gone into effect on Thursday and that security reasons prevented her specifying the numbers of patrols involved.

### Toll in Egypt Hotel Fire Rises to 17

CAIRO (AP) — The police said a 17th body was found Friday in the debris of the Heliopolis Sheraton Hotel, and six persons were believed to be missing after a fire that injured scores and forced guests to jump a climb from windows.

The fire, set off early Thursday by sparks from a clay oven that ignited a tent-covered restaurant next to the six-story hotel, burned for six hours through the lobby and many of the hotel's 630 rooms. The hotel did not have smoke alarms or sprinkler systems.

Colonel Ahmed Harb, the area police chief, said the body found Friday had not been identified, increasing to seven the number of victims who remain unidentified. He said those identified Thursday included two Finns, three French nationals, a Greek and three Americans. Authorities originally had said there were eight French victims.

### Party Chief Warns Chinese Reporters

BEIJING (AP) — Chinese reporters will never again be allowed to disseminate Western ideas and those who try to change the socialist system will be punished, the Communist Party chief, Jiang Zemin, said in a speech published Friday.

Mr. Jiang warned that "from now on, newspapers, magazines, radio and television stations will never be allowed to disseminate bourgeois liberalization." Commentaries on the correct role of journalism in China have appeared regularly since the leadership cracked down on last year's pro-democracy movement.

### Shuttle Landing Is Set for Sunday

HOUSTON (Reuters) — The space shuttle Atlantis entered today the day of a secret military mission on Friday, and officials at the NASA space center reported only that the mission was proceeding smoothly.

The five-man, all-military crew was to have deployed a \$1 billion espionage satellite on Thursday over naval bases in the northern Soviet Union, space experts said. A news blackout imposed by the Department of Defense prohibits the National Aeronautics and Space Administration saying anything about the flight other than that things were going smoothly and that touchdown was scheduled for Sunday at Edwards Air Force Base in California.

### For the Record

The political fortunes of Prime Minister Margaret Thatcher dropped further Friday with the release of a Gallup Poll showing her Conservative Party 18.5 percent behind the opposition Labour Party, its lowest standing in 19 years. It put Labour's popularity at 49.5 percent, a rise of 1.5 from previous polls. It placed the Conservatives at 31 percent, its lowest standing since September 1971.

A Spanish provincial court has awarded the Socialist Party its 175th among the 350 in the lower house. The decision, arising from the Oct. elections, gave Prime Minister Felipe Gonzalez's party a virtual majority since the four deputies of the Basque party have been denied seats because they refuse to swear allegiance to the constitution. The prime opposition, the conservative Popular Party, has 95 seats.

## TRAVEL UPDATE

Tourists in Italy were left to make their beds and search for places to stay on Friday when 500,000 hotel employees, waiters and travel agency staff held a 24-hour national strike to press for better pay and working conditions. Tourists also had trouble changing money because 200 bank workers were on strike.

The U.S. State Department has warned Americans traveling to South Africa that "a high potential" exists for terrorist acts in Kharont, the capital. Americans remaining in the south of the country were again urged to leave because of the civil war. The warning said that western Sudan was dangerous because of banditry and incursions by rebels from the south. The department also advised U.S. citizens to exercise caution in visiting Nepal, where political tensions continue.

The French civil aviation authority has declared the Airbus A-330 jetliner to be fundamentally safe despite an accident last month in Bangalore, India, a spokeswoman for the authority said Friday.

## WEATHER

EUROPE				ASIA			
	HIGH	LOW	CHANCE		HIGH	LOW	CHANCE
Amsterdam	5	41	C	Bangkok	30	30	C
Antwerp	5	41	C	Beijing	15	15	C
Barcelona	10	46	C	Hong Kong	25	25	C
Berlin	5	46	C	Kobe	25	25	C
Bombay	25	25	C	Manila	25	25	C
Buenos Aires	25	25	C	Osaka	25	25	C
Calcutta	25	25	C	Seoul	25	25	C
Cairo	25	25	C	Singapore	25	25	C
Cardiff	5	46	C	Taipei	25	25	C
Chengdu	25	25	C	Tokyo	25	25	C
Copenhagen	5	46	C				
Dallas	5	46	C	AFRICA			
Dublin	5	46	C	Algiers	15	15	C
Edinburgh	5	46	C	Cairo	25	25	C
Geneva	5	46	C	Harare	25	25	C
Hamburg	5	46	C	Johannesburg	25	25	C
Helsinki	5	46	C	Lima	25	25	C
London	5	46	C	Los Angeles	25	25	C
Lyons	5	46	C	Manila	25	25	C
Moscow	5	46	C	Medan	25	25	C
Munich	5	46	C	Montevideo	25	25	C
Nairobi	25	25	C	New York	25	25	C
Paris	5	46	C	Philadelphia	25	25	C
Prague	5	46	C	San Francisco	25	25	C
Rangoon	25	25	C	Seattle	25	25	C
Rio de Janeiro	25	25	C	Singapore	25	25	C
Rome	5	46	C	Taipei	25	25	C
Sao Paulo	25	25	C	Tokyo	25	25	C
Shanghai	25	25	C				
Stockholm	5	46	C	LATIN AMERICA			
Switzerland	5	46	C	Buenos Aires	25	25	C
Taipei	25	25	C	Lima	25	25	C
Tientsin	25	25	C	Los Angeles	25	25	C
Tokyo	25	25	C	Manila	25	25	C
Winnipeg	5	46	C	Medan	25	25	C
			<td>Montevideo</td> <td>25</td> <td>25</td> <td>C</td>	Montevideo	25	25	C
			<td>New York</td> <td>25</td> <td>25</td> <td>C</td>	New York	25	25	C
			<td>Philadelphia</td> <td>25</td> <td>25</td> <td>C</td>	Philadelphia	25	25	C
			<td>San Francisco</td> <td>25</td> <td>25</td> <td>C</td>	San Francisco	25	25	C
			<td>Seattle</td> <td>25</td> <td>25</td> <td>C</td>	Seattle	25	25	C
			<td>Singapore</td> <td>25</td> <td>25</td> <td>C</td>	Singapore	25	25	C
			<td>Taipei</td> <td>25</td> <td>25</td> <td>C</td>	Taipei	25	25	C
			<td>Tokyo</td> <td>25</td> <td>25</td> <td>C</td>	Tokyo	25	25	C

### RELIGIOUS SERVICES

**DUSSELDORF**  
INTERNATIONAL BAPTIST CHURCH, English, 10:00, worship 11:00. Children's church and nursery. Meetings at the International School, Leuchterstrasse 10, 40225 Düsseldorf. Friendly fellowship. All denominations welcome. Dr. W.J. Delay, Pastor, Tel.: 0211 400 157.

**FRANKFURT**  
TRINITY LUTHERAN CHURCH, Nibelungen Allee 34 (Unter den Eichen), S.S. 9:45, worship 11 a.m. Tel.: 069 819 5129.

**INTERNATIONAL BAPTIST LEAGUE**  
Frankfurt, Town, Solmsstr. 11-18, 60380 Bad Homburg, Sunday evenings at 7:00. Call Dr. Terry Carter, (06121) 401241 or 523016.

**HAMBURG**  
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at St. Fröhlichstrasse 10, 20099 Hamburg, Tel.: 43 51 11 45, worship 12:45, nursery, child, ch. provided. Helmut 9, Evening service 7:00. Call Rev. Paul Box 089-490-8354.

**INTERNATIONAL CHRISTIAN CHURCH**  
services in English 4:30 p.m. Sundays at 10:30 a.m. (U2 Theaterstr.), Pastor Robert Stevens (089) 850-8617.

**MUNICH**  
INTERNATIONAL BAPTIST CHURCH, English speaking, 11:45, worship 12:45, nursery, child, ch. provided. Helmut 9, Evening service 7:00. Call Rev. Paul Box 089-490-8354.

**UNITARIAN UNIVERSALIST**  
Fellowship, 690-230, Building 311-A-3, Parlofor Fort House Ave. Meets fourth Sunday each month at 11 a.m.

**PARIS AND SUBURBS**  
THE AMERICAN CATHOLIC (Episcopal-Anglican) Sun 9 a.m. Sunday School for children and nursery care at 11 a.m. 23, ave. George V, Paris 8. Tel. 47 20 17 92. Metro: George V or Alma-Marcou.

**HOPE INTERNATIONAL CHURCH**  
in Paris-La Defense, Evangelical and for everyone. Sunday 6:30 a.m. service. Call Paris 47 73 53 54 or 47 75 14 27.

**EMMANUEL BAPTIST CHURCH**  
30 Rue des Bons-Enfants, Rue-Marmont, English speaking, evangelical, all denominations. S.S. 9:45, worship 10:45. Other activities. Call Dr. B.C. Thomas, Tel.: 47 49 15 29, 47 51 29 63.

**ZURICH**  
INTERNATIONAL BAPTIST CHURCH of Switzerland, English, 10:00, worship 11:00. Children's church and nursery. Meetings at the International School, Leuchterstrasse 10, 40225 Zurich. Friendly fellowship. All denominations welcome. Dr. W.J. Delay, Pastor, Tel.: 0211 400 157.

**ASSOC. OF INT'L CHURCHES IN EUROPE & MID. EAST**

**BRUSSELS**  
The American Protestant Church, English, 10:30 a.m. Kottelberg, 19 (at the School), Tel.: 0273 05 81, Sun 9:55, 10:00 a.m. Tel.: 720-2762.

**GENEVA**  
EV. LUTHERAN CHURCH of Geneva, temporary Sunday worship location at St. Germain Church, 9 rue Oranges at 11:30 a.m. Church office phone: (022) 30 89 69.

**THE HAGUE**  
AMERICAN PROTESTANT CHURCH Sunday Service 9:15 and 11:15 a.m. Tel.: (070) 244490, Father de Boer van Nijmegen 20.

**PARIS**  
INTERNATIONAL BAPTIST CHURCH in Paris, English speaking, 11:45, worship 12:45, nursery, child, ch. provided. Helmut 9, Evening service 7:00. Call Rev. Paul Box 089-490-8354.

**STAVANGER**  
INTERNATIONAL BAPTIST CHURCH Sunday worship 9:30 a.m. The Methodist Church, Stortveit, 2. Tel.: (04) 564843.

**STOCKHOLM**  
IMMANUEL CHURCH, Kungälv, 4. Birger Järn. Friendly Christian fellowship. English, Swedish & Korean. 11:00. Tel.: 46-8157225 & 309803.

**UNITED CHRISTIAN CONGREGATION**  
Klara Östra Kyrkogata 8, service 9:00. Tel.: 46-8-210188.

**VIENNA**  
VIENNA COMMUNITY CHURCH, A-1010 Vienna, Austria, Danubeviertel 16. Services Sunday 11:30 a.m.

**WARSAW**  
WARSAW INTERNATIONAL CHURCH, Protestant English language congregation, Sunday 11:00 a.m. U. Polna 14 A. Tel.: 43-29-70.

**ZURICH**  
INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sunday 10:30 a.m., Schanzenstrasse 25. Tel.: (01) 2623252.

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## AMERICAN TOPICS

### Corporate America Embraces the Plateau

"Success in American business normally means scaling the ladder to the executive suite," The New York Times notes. "But today, more and more of the nation's leading corporations are encouraging employees to step off the fast track, and convincing even business school graduates they can find rewards and happiness in lateral mobility."

In management jargon, this alternative is called "plateauing," a word that once meant dead end. Today, more frequently, it can mean fewer bosses, more responsibility, more opportunity to learn other jobs and often better pay than predecessors received in the same job.

"Two main forces in this corporate trend are tougher global competition and demographics," says a study by the American Management Association for economy and efficiency, companies have thinned out layers of management. General Electric has pared 20 of 29 layers from its hierarchy. And the demographic bulge of people born from 1945 to 1965 means more people are grasping for the remaining rungs on corporate ladders.

Yet companies want to keep these people on board and working at peak capacity, in part because of the scarcity of post-baby-boomers.

"We're trying to get out in front of this before we have tons and tons of people who are dissatisfied," said Cheryl Smith, director of career management at Pacific Gas & Electric in San Francisco. "We're saying, 'Wait a minute, wait a minute. It's OK to move laterally.'"

### Short Takes

The fall of the Berlin Wall is a sign of hope that the Republican Party can regain control of the House of Representatives for the first time in 35 years, or such was the consensus of a recent meeting of party leaders, The Washington Post reports.

The holder of the title of safest U.S. teenage driver, Michael Doucette, 17, of Concord, New Hampshire, was killed near his home when his car drifted over the center line and collided head-on with a car driven by Sharon Ann Link, 19. Both drivers were killed. The police said Mr. Doucette may have fallen asleep at the wheel. The safe-driver contest last summer had been sponsored by the Dodge division of Chrysler Corp. and Amvet, a veterans' group. Mr. Doucette said it was "like a driver's test, only a lot harder. You need to concentrate."

Principals who break traditions and "refuse to let bureaucracy strangle innovation" do best at improving their schools, according to a study by the National Association of Secondary School Principals. The study found a relationship between a school's success — defined as student eagerness to learn and staff satisfaction — and the willingness of its principals to gamble on new ideas. "The more risks taken, the better the outcomes," the report said. "The more successful principals often bypassed the red tape or acted pending approval." One expert says, "It's easier to ask forgiveness than it is to ask permission."

Facts and Figures: Largely because of prison overcrowding, electronic ankle cuffs that monitor the wearer's whereabouts are now worn in 40 states by about 10,000 people who might otherwise be in jail. More shopping malls, and less drinking, have made the corner bar a vanishing species. Ray Oldenburg, a University of West Florida sociologist, says the number of U.S. taverns has dropped from 152,000 to fewer than 50,000 in the past 40 years. He calls bars, coffee shops, pool halls, beauty parlors and general stores "the social anchors of the community."

Arthur Higbee



Congress (I) Party supporters protesting alleged electoral fraud on Friday outside the residence of Prime Minister Singh in New Delhi.

## Gandhi's Party: Beginning of the End?

Rout in State Elections Imperils India's Oldest Political Organization

By Barbara Crossette

New York Times Service

NEW DELHI — The rout of Rajiv Gandhi's Congress (I) Party in state elections this week, after its loss of power at the national level in November, imperils the future of India's oldest political organization.

"What we are seeing is the irreversible process of disintegration of the Congress Party," said Nihal Singh, a columnist, said.

The view from within the party, one of the world's largest political organizations in a country of half a billion voters, was often no less bleak.

"We must put our house in order," Vasant Sathe, a former minister said, adding that a restructuring of the party and election of a new leadership were priorities.

Mr. Gandhi has all but disappeared from sight, making no statements on his party's debacle.

Congress politicians, faced with the deepest sustained plunge in popular support the party has experienced, stopped short of criticizing Mr. Gandhi personally.

But independent analysts said bluntly that as party leader since 1984, the personal and political heir of the first prime minister, Jawaharlal Nehru, has failed both in power and in opposition to stop the drop in support and salvage respect for Congress.

When the party last suffered defeat, in 1977 in the aftermath of the period of emergency rule imposed

by Prime Minister Indira Gandhi, Mr. Gandhi's mother, it was able to exert its influence in opposition, and, ultimately, to come back stronger two years later. In 1990, no one seems to have such hopes.

The Congress crisis did not begin last year nor even in 1984, when Mr. Gandhi, a political neophyte who had spent most of his working life as an airline pilot, picked up the

reins. Gujarat, Madhya Pradesh, Himachal Pradesh, and apparently Bihar, where votes are still being counted — as well as in the small territory of Pondicherry.

The losses were tempered somewhat by a strong showing in Maharashtra, where Congress was leading as results of state assembly polls were tabulated, and may be able to retain power.

In three months as leader of the opposition, Mr. Gandhi has failed every test, Mr. Wariavalla said.

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NEWS ANALYSIS

family mantle on the assassination of his mother.

"Over the years, the roots of the party became starved," said Nihal Singh. "It became more and more a party of wheeler-dealers."

Furthermore, the wheeling and dealing was done less in small centers around India and more in New Delhi, where successive Congress leaders held court, surrounded by party loyalists.

"The vote was a deep revolt against what we call the Congress culture: the cult of personality, the corruption, the total disregard for public propriety," said Bharat Wariavalla of Delhi's Center for the Study of Developing Societies.

India's more mature and demanding voters, he said, were attracted by Prime Minister Vishwanath Pratap Singh's reputation for integrity or the Bharatiya Janata Party's politically principled stand, if not its pro-Hindu bias.

In voting Tuesday, Congress lost control in six states — Orissa, Ra-

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INTERNATIONAL  
**Herald Tribune**  
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### Kohl and the Border

Belatedly, Chancellor Helmut Kohl of West Germany is seeking to damp down the storm of protest generated by his evasions over the Polish border. He now suggests that the parliament of both German states might pass resolutions acknowledging the present border. That will not help. Both parliaments have already done it — the West German parliament repeatedly over the past 20 years, most recently last November.

Mr. Kohl does not seem to grasp fully what he has done. The issue is not simply borders and Poland. It is Germany's rapidly rising power, and the way German politicians intend to use that power. Germany bears big responsibilities in the new Europe that is evolving, and a great deal depends on the skill and wisdom with which it carries those responsibilities. Mr. Kohl's performance in this affair has been inept.

It is not the legal status of boundaries that has raised anxieties. It is the spectacle of a West German chancellor conspicuously and deliberately waffling on a commitment, in order to avoid offending a certain current of nationalist emotion in the right wing of his party. If Mr. Kohl is not prepared to deal firmly with his right on a question as sensitive and as heavily freighted with history as the Polish border, it is fair to ask where else he will be in.

West Germany is going into crucial elections this year, and like any candidate Mr. Kohl is not eager to ruffle voters. But no one else at the top level of German politics has hesitated to reassure the Poles regarding the border. In its president, Richard von Weizsäcker, West Germany has a spokesman of great moral authority. He has been explicit. So have the foreign minister, the speaker of the parliament and the leader of the opposition Social Democratic party.

But Mr. Kohl speaks for the government. He says that only the elected parliament of a unified Germany will have the authority to make final agreements on boundaries. At one level that is merely a legalism, and one with a long history. But at another it has been used by extreme nationalists to suggest that all the commitments of the past 45 years are only temporary, to be reconsidered when the great day of unification comes. If the Polish border is open to renegotiation, how about the Austrian border? Or for that matter the French border?

As a tactical device Mr. Kohl's argument has the advantage of permitting him to slide through the December election without taking a firm stand on the eastern borders. But for Germany, present and future, the costs of these equivocations are running high.

—THE WASHINGTON POST.

### Gains in the Coca War

Fight drugs at the source? The idea has prompted ridicule among many Americans who believe it cannot work. But now there is mounting reason to believe that the idea is right and the ridicule is unfounded.

Colombia's campaign against drug traffickers warrants increasing respect. And now Bolivia adds heartening evidence for the effectiveness of tough law enforcement combined with economic incentives.

The State Department's latest annual report on narcotics trafficking concludes that drug production and sales are up around the world; it mentions, among other things, past problems of corruption in Bolivia. But new data document a startling fact: The Bolivian market for coca leaves has collapsed. Getting the Andean countries out of the drug business is a plausible goal.

In the 1980s, Bolivian farmers and tin miners lobbied by the thousands to the Chapare region, where they found it easy to grow coca. At harvest time, agents of drug cartels would buy the leaves and haul them away. A hundred pounds that cost about \$30 to grow sold for up to \$200. By last year, so many people were growing coca that the price sank to about \$60. But that still provided a fine living for people used to a few hundred dollars' income a year.

Bolivia, with U.S. backing, began offering growers \$2,000 a hectare to tear out coca and plant something else. But with the price of raw leaf holding up, the program

sputtered. Growers eradicated only 200 hectares a month for most of last year.

Then last summer the Colombians began their offensive against drug trafficking, and in late fall, a new administration in Bolivia stepped up its campaign of disruption. With the cocaine market in chaos, the middlemen stopped buying raw leaves and the price plunged to \$12 per 100 pounds.

Suddenly the substitution program looked more attractive. In December, growers cashed in about 600 hectares, in January about 700. February should exceed 800.

That is a significant start, but to make the gain permanent will take a larger investment. At \$2,000 per hectare, it would cost \$80 million to eradicate Bolivia's 40,000 hectares of coca. And success with substitute crops will inevitably require investments in roads and development aid.

While the Bush administration acknowledges the need, Bolivia will receive only about \$20 million this year. More money will not begin to flow before fall. But coca market economies will not wait. Thus Senator Joseph Biden, a Democrat of Delaware, plans to introduce legislation calling for \$125 million in emergency economic aid for the Andean countries this fiscal year.

That is a sound idea. When Andean coca farmers, like U.S. drug addicts, demonstrate a strong motivation to reform, it is in every American's interest to help.

—THE NEW YORK TIMES.

### Other Comment

**Gorbachev Need Not Wait**

[Mikhail] Gorbachev claims he needs stronger powers — the right to declare states of emergency, veto parliamentary legislation, issue decrees — to speed up perestroika and act decisively to cope with the Soviet Union's mounting problems. It is a reasonable argument. But so is the counterargument of leading reformers: that this gives too much power, with too few checks or balances, to one man. Even in the dextrous hands of Mr. Gorbachev, the bearded-up presidency is a dangerous and precarious job.

The danger is that power will get abused. Not because Mr. Gorbachev is a would-be dictator, but because the turmoil ahead could tempt him to exercise his power in ways that make him seem like one. (A state of emergency in Lithuania to control the separatists? A ban on strikes to end economic chaos? And the position is precarious because Mr. Gorbachev will lack any sort of popular mandate. In four years' time, the plan is to elect the president directly. For now, though, he is to be chosen by a parliament 87 percent dominated by the crumbling Communist Party.)

There is a simple solution. Bolster the powers of parliament as well as those of president, and hold a direct presidential election quickly, without waiting four tempestuous years. Will Mr. Gorbachev be so bold? It is hard to predict whether Soviet democracy is about to take off, or whether there will be a terrible explosion. But the countdown has begun.

—THE ECONOMIST (London).

**Advice for Bush and Kaifu**

In talks this weekend with Prime Minister Toshiki Kaifu, President George Bush may find that the relatively easy ride that he has enjoyed in foreign affairs is over and that the hard part has begun. For Mr. Kaifu is bringing more than Foreign Minister Tanaka with him to Palm Springs, California. He is bringing a lot of pent-up emotion and resentment from back home over congressional whining about Japan.

If Mr. Bush breaks form, drops the kinder, gentler demeanor and indulges him in tough talk, Mr. Kaifu may bow politely, but that might not be the end of it. The Japanese can now insist on being treated as a full partner in world affairs. Domestic political pressure alone will prohibit Mr. Kaifu from allowing himself to be lectured to.

—Syndicated columnist Jim Fain.

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### Third World Debt: The Brady Plan Needs a Rethink

**By Melvin Fagen**

GENEVA — The debt agreement reached in early February by Mexico and its 450 commercial bank creditors demonstrates the failure of the proposals by Treasury Secretary Nicholas Brady for easing the Third World's financial burden.

Under the accord, Mexico's annual interest payments would be lowered by a mere 8 percent, or \$700 million, over the next five years. Even though the net reduction in the country's total bank debt would be \$5.8 billion, this would be offset by an equivalent amount that Mexico would need to borrow from the International Monetary Fund, the World Bank and the Japanese government to finance the required bank guarantees.

And since only 10 percent of the commercial bank creditors chose the option of making additional loans, the huge net outflow of Mexican resources toward foreign creditors would increase further.

The deal was to be a model for other heavily indebted countries. Instead, it is now clear that a new approach is needed if Third World debtors are to avoid further declines in the standards of living. This should first include a recognition that these countries urgently need a two-, three- or even five-year moratorium on payment of interest and principal. Such a move would give them a breathing period during which they, the IMF and the World Bank could apply revised policies for structural adjustments and the fight against inflation.

The Third World countries need fresh flows of capital from the creditor countries in order to develop their economies and to reverse the movement of funds toward the creditor countries. The World Bank recently estimated that these capital transfers amounted to about \$30 billion in 1988-1989. Indeed, in the year ended last June, the

principal and interest. The Brady plan envisaged collateral guarantees to be supplied by the IMF and the World Bank to reduce existing debt. If a flow of capital is to be stimulated, the guarantee principle should also be applied by governments for new loans. A precedent for such a move was established when the U.S. government recently guaranteed a loan of \$5 billion to Israel; similar "repackaged" military loans are foreseen for Egypt, Greece, Jordan and other countries.

Finally, stabilization policies imposed on Third World countries by the IMF need revision. Under pressure from the U.S. government and the World Bank, the IMF has recently made some progress in changing its policies, particularly by not insisting on prior payment of arrears on debts owed to commercial banks before IMF funds are advanced. But what is required is a whole new set of stabilization measures — especially ones that would demand a sudden removal of state subsidies for essential goods and budget reductions that cut expenditures for health, education and welfare. Instead, policies should aim at improving social conditions.

Would the costs of such an approach be prohibitive? It is true that the budgets of the creditor governments would be affected in the short term by a reduction in taxes paid by their banks and possibly in the long term by the need to pay out on some government guarantees. But these effects would be more than counterbalanced by the expansion of their major export markets in the Third World as well as by the political gains they would achieve.

The writer is a former director of the UN Economic Commission for Europe. He contributed this comment to the International Herald Tribune.

### Americans Ought to Save More? It Doesn't Add Up

**By Robert Eisner**

EVANSTON, Illinois — The buzzword now is "saving." President George Bush has proposed a program to lift a national saving rate that, we are told, is far too low. The country's saving rate suffers by comparison with the Japanese, and with its own past. All this threatens long-term decay, if not disaster.

The fault lies, supposedly, in private profligacy and public budget deficits. The failure to pay enough in taxes, or to curb excessive government handouts, encourages the proclivity to live high on the hog, to think only of the present. There are some real issues here, but they are hard to discern among the statistical distortions and self-serving political rhetoric.

It should be neither surprising nor alarming that the United States is saving less than many other countries, especially those that are growing more rapidly. Rapidly growing nations have to save more, since more capital is needed to produce more.

As higher levels of income are achieved and growth rates taper off, saving rates decline. And saving rates have indeed been declining in the rest of the world. For example, the net national saving in Japan, as a percentage of net national product, declined by 7.9 percent from 1976 to 1987.

As they are usually presented, moreover, the U.S. deficiencies in saving are badly overstated. The rest of the world follows the sensible United Nations systems of accounts, in which government investment in roads, airports and other infrastructure is classified as public saving. America does not. If it did, the net national saving would have risen by \$33 billion in 1988, from 2.95 percent of net national product to 4.17 percent — an astonishing 41 percent.

Net saving consists of all activities that increase future production and income. Thus, the country adds to its children's income not only by saving to leave them a bequest, but by investing in their education so that they can be more productive.

But education is not counted in conventional saving. Nor is spending on the environment, infrastructure and research and development, or spending on durable goods. But all these contribute to future income, and should be considered saving.

Using an appropriate, broader measure of saving, the real saving rate would rise to about five times the conventional rate. But that does not mean that the national saving rate is not a problem. Rather, it points to the true nature of the problem and the absurdity of many of the recommended solutions.

Americans are told that they must reduce the budget deficit to raise national saving. Yet there is ample evidence that budget deficits have contributed to more conventional saving, as the deficits stimulate the economy.

Larger deficits bring more consumption. But they also inspire more private investment, as businesses respond to increased sales by increasing their plant. This investment increases income, providing more than enough additional private saving to finance the greater deficits.

To the extent that they slow the economy, reductions in the deficit and other devices to reduce public or private spending may well reduce saving — even by its conventional measure. But it is in the vast and critical amounts of public saving, not included in the conventional measures, that America is gravely deficient.

The country's 13-year-olds score last in international tests of math and science skills. A third of an American generation is in the process of growing up illiterate or semiliterate, unequipped to function productively in a technologically advanced society.

America lags in expenditures for basic research. A "war on drugs" is given priority. Billions more are proposed for military defense against a presumed international menace.

Here is a simple proposal for Congress: Stop starving the public, national saving that provides the real defense of the future in deference to self-imposed accounting constraints and fiscal myths. Bring federal accounting into conformity with the rest of the world by counting public investment as saving.

In one stroke this would "solve" the phantom saving problem and make a start on our real problem of underinvestment in the future.

The writer is a professor of economics at Northwestern University. He contributed this to The New York Times.

### To Save Earth, Start With the People

**By Ellen Goodman**

BOSTON — The darkest tales of the environment usually come in neatly labeled scientific packages. The Greenhouse Effect. The Hole in the Ozone. The Destruction of the Rain Forest. Air Pollution. Water Pollution. These headlines reek of chemistry and technology.

But rarely do we see one entitled The People Problem. People, the growing number of us, seem at times absent from the public discussion of the state of the Earth. It is as if we talked about carbon-spewing cars without any drivers.

The "environmental president" himself has managed to speak about global warming more than once without mentioning the role of our own multiplying species. He leaves behind the impression that the culprits of the rain forest are gibbons or perhaps mosquitoes.

This split between environmental worries and population growth began a decade ago when birth control became a political issue. Family-planning money was cut. References to population were taken out of reports. Politicians were intimidated.

Even environmental groups concerned with endangered species shied from emphasizing the dangers of our own burgeoning species. Those who did talk about population were accused by pro-life logicians of making room for birds by getting rid of people. The desire of women for access to birth control got lost in the shuffle.

But the days when presidents, politicians or citizens could cast themselves as advocates of the environment without also being advocates of population limits are gone. Family planners and environmentalists talk about the "carrying capacity" of the Earth, as if the planet were a camel and people its straws.

Earth-breaking population growth was the subject of a recent report from the Population Crisis Committee. They took the United Nations' warning — today's 5.3 billion people could be 10 billion by 2025 and 14 billion in a century — and called it "a preventable disaster." And they wrote a prescription.

The vice president of the committee, Dr. Sharon Camp, said that during this decade we have a chance, perhaps the last, to stabilize population before government coercion — the China solution — or environmental devastation. The committee figures it will cost \$10.5 billion a year to make birth control universally available and raise its use worldwide from about 50 percent to 75 percent.

It takes no mathematician or economist to see the collision course between the Earth's resources and the number of people sharing them. In the simplest terms, the more people there are, the more wood is gathered, the more land is cleared, the more soil is eroded. Each year the

world's farmers are trying to feed 90 million more people on 24 billion fewer tons of topsoil. It is the story of countries from Kenya to India, of countries where families are caught between feeding their children today or saving the land for tomorrow.

The Third World is not the chief culprit of pollution, nor are people the only environmental danger. In industrial countries each of us annually dumps five tons of carbon into the air in the developing world, it is one ton. But as Alan Durning of the Worldwatch Institute says, "Underneath it all, the basic question is how many people are consuming how much stuff."

Slowing the birth rate takes more than money and contraceptives. But we know from experiences in Thailand, Mexico and Zimbabwe how to make a difference. We know that poor women want choices. We know it cannot be done without funds.

The Population Crisis Committee wants the United States to contribute \$1 billion a year to international family planning — a huge chunk. Yet we spend five times as much on military aid for foreign countries. Call this another peace dividend, another defense policy.

During the past decade, families lost choices and the world lost time. Now there is a renewed recognition that we are on this fragile planet, this Earth, together. Three more of us every second. And counting.

The Boston Globe Newspaper Co.

### Japan Skips A Chance For Change

**By Hobart Rowen**

WASHINGTON — Like President George Bush, Japan's governing party leaders don't have the vision thing," says Toshiki Yamamoto, the shrewd political observer who heads the Japanese Center for International Exchange. Because Japanese voters recently failed to punish the scandal-ridden Liberal Democratic Party, it will remain "business as usual" in Japanese politics for a long time, he says.

As a result, opportunities for domestic changes that promise long-term reform and decent housing, or that could help defuse tensions with the United States, have been lessened. A commonly expressed view is that the election result will breed the near-paralysis of Japan's political system that has prevailed ever since financial and sex scandals erupted. That is a perception that Prime Minister Toshiki Kaifu, who took over after Noboru Takeshita, and Shinsuke Uno were drummed out of office, is anxious to take hold. It would help establish his claim for more than temporary stewardship.

But Mr. Yamamoto's verdict is that Japanese voters missed a chance to exact reform from the LDP. Not only did the party get a solid margin in the lower house of parliament, but 11 of the 12 leaders who were tainted by taking money from the Recruit company kept their seats.

It is a pity Japanese voters felt they could not go all the way to disfranchise the LDP. Obviously they are not yet ready to fully trust the Socialists. Gerald Curtis, director of Columbia University's East Asia Institute, says: "Japan looked at the possibility of opposition government and said, 'No thanks, or at least, 'Not yet.'"

Had there been a full realignment of the Japanese political system, there would have been a change in dealing with issues that the special-interest groups dominating the LDP will not face — such as land reform — because of its ties to farm lobbies.

In the near-term, Mr. Yamamoto says, there will be a political stalemate between the LDP and the Socialists. Although the LDP-controlled lower house originates bills, the Socialist-controlled upper house has a veto power through its appropriation process. When the LDP had both houses, it could stonewall whatever it chose. Now it has to wheel and deal.

Eventually, Mr. Yamamoto thinks, Mr. Kaifu will be shunted aside in favor of Shinsuke Abe, Takeshita's disciple who long ago has been on the LDP ladder for the prime minister's mantle.

Meanwhile, the leadership has figured out how to deal with its nationalist wing represented by Shinji Ishihara (of "The Japan That Can't Lose" fame). Mr. Ishihara, also elected to parliament, can be counted on to press the question as to whether Japan should retain its security arrangements with the United States.

Mr. Yamamoto's best guess is that the nationalists will fail to upend security arrangements. But given its mood of resentment against what is widely regarded as excessive pressure from the United States on Japan to change its ways, and inadequate attention in America to its own economic problems, the question of the strength of the military alliance will be a constant source of irritation.

In Mr. Yamamoto's view, a problem is double-barreled: The Japanese are "faceless," almost unknown to individual Americans. As "you don't have anyone at a top level in the administration who knew about Japan, or who speaks English about Japan," he says.

His lament about inattention also heard these days from East Americans, who fear America's limited financial resources are likely to be drained for Eastern Europe. American political leaders must be sensitive to these arguments. But the Atlantic relationship has lasted a long time, and has strong underpinnings. The connections with Asia are fewer and more tenuous.

Mr. Yamamoto concludes: "I don't think the major ones are on our side. We have to prove ourselves. The Japanese scenario is for the Japanese to admit that there are a lot of things where we ought to be doing more. You Americans have to admit you have to prove your house in order. And then we should do some kind of joint security arrangement, whatever it is. In the meantime, both of us have to dramatically improve our contacts."

Before, he might have added, the nationalists in Japan and the right-bashers put that prospect out of sight.

The Washington Post.

### 100, 75 AND 50 YEARS AGO

**1890: Indians at Vatican**

ROME — One of the strangest spectacles ever seen within the venerable walls of the Vatican was the dramatic entry of "Buffalo Bill" at the head of his Indians and cowboys this morning [March 3] when the ecclesiastical and secular military court of the Holy See assembled to witness the twelfth annual Thanksgiving of Leo XIII for his coronation. In the midst of the splendid scene, crowded with the old Roman aristocracy, and surrounded by walls immortalized by Michael Angelo and Raphael, there suddenly appeared a host of savages in war paint, feathers and blankets, carrying tomahawks and knives. Suddenly a tall and chivalrous figure appeared. It was W.F. Cody ("Buffalo Bill").

**1915: Boer Prophecy**

LONDON — The official report on the South African rebellion is now issued. It traces the trouble back to one Van Rensburg, a notorious "seer," who announced that he saw a vision of seven bulls fighting, and a grey bull victorious. The grey bull Van Rensburg recognized at once as Germany. Van Rensburg is a Boer farmer, who gained a reputation as a prophet in the last war. He made his luckiest hit by prophesying that General Delarey would defeat Lord Roberts, and, as the prophecy came off, "he has ever since been regarded as a man with miraculous powers. His adherence to the revolt of Kuyper and Beyer had a great influence over the more ignorant Boers."

**1940: No Peace in Sight**

BERLIN — The German press issued silence regarding Sumner Welles's visit to Berlin tonight [March 2]. President Roosevelt's confidential investigator prepared to leave Berlin, and warned that a new stable Berlin with restoration of peace could be founded only on a German victory and by smashing Britain's alleged efforts to strangle the Reich.



## A Hostage's Sister Finds Some Hope On Roads to Syria

By Caryle Murphy  
Washington Post Service

**DAMASCUS** — For Peggy Say, the road to Damascus is now a well-beaten path.

On her first journey to this ancient Syrian city, the Kentucky resident mostly sat in her hotel room and cried. But this time, before returning to the United States, she was interviewed on Syrian television and spoke with the foreign minister.

En route, she traveled through European and Arab capitals, had a private audience with Pope John Paul II, an impromptu lunch with the leader of the Palestine Liberation Organization, Yasser Arafat, and at least a dozen meetings with various government and human rights officials.

The reason for all these tribulations sits in a well-guarded room somewhere in Lebanon, his life an enforced idleness of boredom, loneliness and fear.

On March 16, Mrs. Say's brother, Terry Anderson, will mark his fifth year of captivity in the hands of Iranian-backed Shiite Muslim fundamentalists. He is the longest held of eight U.S. hostages in Lebanon. During that time, Mr. Anderson's father died and his second daughter was born.

Mrs. Say's travels are part of a quest to keep the public spotlight on the plight of her brother and the seven other hostages. Mr. Anderson was the Associated Press's Middle East correspondent at the time of his capture.

Before the arrest, if one had suggested to the former social worker who had never been out of the United States that she would be in Damascus, her response would have been succinct: "Have another drink."

## KOHL: Border-Debt Link

(Continued from page 1)

give Poland former German territories in compensation for Polish lands lost to the Soviet Union, and as a result millions of Germans were forcibly expelled.

While insisting that Poland has nothing to fear, Mr. Kohl has repeatedly added that only a reunited Germany can make a final decision on the borders. The chancellor's fence-straddling is attributed largely to his fear of alienating a vocal minority of Germans expelled from the eastern lands. Those expelled oppose the formalization of what they still consider a historical injustice.

### Mazowiecki to Visit U.S.

Mr. Mazowiecki will visit Washington this month to persuade President George Bush that Warsaw should join talks on German reunification, Reuters reported Friday from Warsaw, quoting government officials.

During the visit, planned for late March, Mr. Mazowiecki also will meet with Secretary of State James A. Baker 3d.

## ASSURE: Kohl Asks for Trust

(Continued from page 1)

forced itself from any responsibility for the Holocaust.

In his letter, Mr. Kohl said: "I understand the anxiety expressed by some victims of the National Socialist dictatorship in view of the prospect of German unity, and he acknowledged 'the untold suffering inflicted on those people in the name of Germany and by Germans.'"

But he told Rabbi Hier: "It needs to be asked whether such anxiety is essentially justified."

## ISRAEL: Media Censorship

(Continued from page 1)

so Arab opposition to the immigration would not be inflamed.

According to reports in the Israeli press, 4,700 Soviet Jews arrived in Israel in January and about 5,500 were registered last month, the highest figures in many years. A total of 12,000 Soviet Jews arrived in 1989.

Officials in Jerusalem said that Israel censored news of immigration in the 1950s, when hundreds of thousands poured into the new state from Arab countries. In recent years, however, military censorship has been limited to reports on sensitive military and security issues, and Western correspondents have only rarely been obliged to submit their work for review.

The head of the Foreign Press Association in Israel, Robert Slater, said the censorship was pointless because news of the immigration had already been reported in great detail.

Much of the media reporting on the immigration to Israel in recent weeks has focused on the settlement of Soviet Jews in the occupied territories. The Immigration Ministry, seeking to quiet protests, recently issued a statement saying that only one half of one percent of the 12,000 Soviet Jews arriving in Israel last year, or about 60 people, had moved to the West Bank and Gaza.

Western news reports from the territories have reported higher figures.

But after Mr. Anderson's capture, Mrs. Say said she made a commitment: "If Terry died in captivity, it wouldn't be because he'd been forgotten by the American people."

Mrs. Say is probably the most widely known member of the hostages' families. This is partly because of her outspokenness, a trait that has sometimes been criticized by others who feel quiet diplomacy is the better way to the hostages' release. She has also had at her disposal the resources of The Associated Press, which has paid for her journeys.

All this has had an unintended byproduct: The kidnappers are said to regard Mr. Anderson as their most crucial hostage, according to Syrian and U.S. officials.

In her public role, Mrs. Say has called on her strong will, sense of humor and what her husband, David, calls a knack for verbal "polemicizing" when pushed into a corner. These traits served her well when she was invited to talk about the hostages on a political talk show on Syria's English-language television channel.

During the taping of the show, the interviewer suggested to Mrs. Say that hostage-taking was inhuman, but so was "occupying other people's land by force, killing other people's children and despoiling countries." It was a clear reference to Israeli actions against the Palestinian uprising in the occupied territories.

Mrs. Say, who wants to steer clear of the Middle East's political disputes and keep her appeals on a humanitarian level, replied that Americans were noted for protesting human rights abuses all over the world.

On her first trip to Damascus in 1985, Mrs. Say said that she was "a basket case."

This time, in addition to Mrs. Say's TV interview, the group met Foreign Minister Farouk Shara. He told them he would soon be going to Tehran where he would "work with the top Iranian leaders" to push for freeing the hostages. Mr. Shara said that the Syrian government had told Iranian officials that it was "in their interest to work with us in gaining the hostages' release."

The TV interview and Mr. Shara's remarks, as well as an editorial last week in an Iranian newspaper that for the first time urged the hostages' release, were seen as good omens by Western diplomats and Syrians in Damascus.

Syria is the major ward in the Lebanese jungle, with 40,000 troops stationed there. And its intelligence agencies are widely believed to know where the hostages are held. Syria also has relations with Iran, which has financed the groups holding the U.S. captives.

Though all of this adds up to a considerable amount of influence over the hostage-takers, the Syrian officials contend they cannot physically deliver the U.S. hostages. Syria wants credit for gaining the hostages' release — not an U.S. outcry for getting them killed, which might happen if there were a raid to rescue them.



## General Strike Called by Nepal Opposition Shuts Down Katmandu

Nepalese policemen in front of closed stores in Katmandu on Friday during a daylong general strike. Nepal's banned political parties called the strike, which they said was widely respected, to back their campaign for a multiparty democracy. Few violent incidents were reported. Late last month, at least 11 people were killed in anti-government demonstrations.

## SPY: 10 Years After Defection, Former KGB Agent Goes Public in U.S.

(Continued from page 1)

whether the CIA had acted on the information.

Major Sheymov, 43, was invited to join the KGB when he was 25. He was assigned to the Eighth Chief Directorate, which at that time handled ciphers and communications intercepts.

In 1974, he was sent to the headquarters of the First Chief Directorate in Yasnovo, outside Moscow, which oversees all KGB foreign intelligence operations. He served as a communications watch officer, monitoring all incoming KGB messages from around the world. He helped prepare the daily intelligence summary for members of the Politburo.

One series of cables, Major Sheymov said, discussed whether KGB operatives should try to break the legs of Rudolf Nureyev, the Soviet ballet dancer who had defected to the West in 1961 and was making anti-Communist statements.

Major Sheymov also recalled hearing office gossip about KGB plans to kill Yuri Nosenko, who defected to the United States in 1964. Some CIA counterintelligence officials contended that Mr. Nosenko was planted by the KGB. Major Sheymov said he decided to leave the Soviet Union in 1980 because the gap between Communist rhetoric and reality had become insupportable.

"As a product of that society, I was brainwashed from a very young age," he said. "I was a very devoted Communist, very patriotic."

But at higher levels of the party and the KGB, "You are in a position to see what the KGB does," he said. "It is supposed to defend the Soviet people, but it doesn't. It works against them and the whole world."

He said that when he decided to defect, his goal was to inflict as

much damage on the Communist system as he could.

On his next trip outside the Soviet Union, in early 1980, he slipped away from his escort. Communications personnel never traveled unaccompanied, he said. He walked into a U.S. Embassy — he declined to identify the country — and told the Marine guard in broken English that he wanted to speak to a representative of U.S. intelligence. Eventually a diplomat emerged.

"I told him I was KGB and which part," Major Sheymov recalled. "I said, 'I think I can help you, if you can help me. What I need is to get out of the Soviet Union with my family and establish a life in the West.'"

Major Sheymov and the diplomat agreed on a rendezvous in Moscow, which took place about two months later in a park. The Americans said they were ready to take Major Sheymov and his family out of the country and grant him political asylum in the United States. About a month later, he was gone.

Major Sheymov will not discuss any details of the scheme to get him, his wife and child out of the country.

"The trick wasn't just to leave," he said. "The trick was to make it so the KGB would be led to think something had happened to me, that perhaps I was dead."

After he arrived in the United States, Major Sheymov spent about a year with CIA debriefing officers. He was awarded the U.S. Intelligence Medal for his contributions and was resettled in the United States under an assumed name. He became an American citizen in 1985 and now works as a consultant to several government agencies and private companies.

According to U.S. intelligence officials, Major Sheymov's relationship with the CIA was not en-

## Mongolian Leader, In Japan, Promises Democratic Change

By Fred Hiatt  
Washington Post Service

**TOKYO** — For the first time since Mongolia became the world's second Communist nation seven decades ago, its leader is visiting a major capitalist nation.

Dumaigyn Sodnom, chairman of the council of ministers of the Mongolian People's Republic, arrived Tuesday for a six-day visit.

Mr. Sodnom, 56, a colorful figure, played volleyball with a women's college team, met Emperor Akihito and, most of all, sought trade and ways to widen the horizons for his nation, which was once a great empire but is now a poor relative of China and Russia.

At one point, Japanese television showed the Mongolian rock group Hawk playing an ode to Genghis Khan. "Oh, great Genghis Khan, forgive us," the 13th-century conqueror whom the Communists erased from the history books, has been restored. Mr. Sodnom called him "a great hero."

Prime Minister Toshiki Kaifu said the visit was an "epoch-making event." Diplomatically, he did not mention the last time the Mongols came calling, when their 1281 naval force was turned back by the kamikaze, or divine wind.

Mongolia is one of those rare nations that enjoys a trade surplus with Japan. Mongolia, with its exports of cashmere and imports of almost nothing, seems to have found the secret that eludes the industrialized world.

Admittedly, trade is modest. In 1988, the two nations exchanged goods worth about \$30 million, about what the United States and

Japan exchanged every two hours, on average, during the same year.

Moreover, to a population of two million including one million herdsmen, Japan is not looking to quickly expand sales of Hondas or TVs sets. "There really isn't much market there for our high-tech products," a Foreign Ministry spokesman said. He said estimates of Mongolia's per capita annual income range from \$300 to \$800.

But, he said, Japan will seek to meet Mongolia's requests for more aid and trade to help promote its democratization and openness.

Mr. Sodnom promised to pursue democracy and economic change while developing a "multifaceted diplomacy."

Despite the remoteness of the tent-dwelling herdsmen, the capital of Ulan Bator has not been immune to the democracy movements sweeping the world. Thousands of activists have held protests, and the government has permitted their activities. Mr. Sodnom said the party's guaranteed leading role would be stricken from the constitution.

How much Japan can do for Mongolia remains to be determined in future fact-finding missions. Meanwhile, Japan signed a most-favored-nation trade agreement with Mongolia.

And Mr. Kaifu promised to donate \$3-million worth of medical equipment and supplies, while encouraging Japanese firms to help Mongolia build a steel mill.

Will Japan press Mongolia to reduce its surplus?

"Not at all," a Japanese official said. "You can quote me on that," he added.

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At their annual gatherings, members of the League of Expellees still sing such words as "my Silesia, we'll see each other again." The league is firmly within West Germany's political mainstream. League officials say they receive nearly 20 million Deutsche marks annually from the government for cultural activities, along with 2.5 million DM in operating funds. Mr. Kohl and other senior politicians are regular guests at their banquets.

For years, Poland's Communist rulers did not acknowledge that ethnic Germans existed in Poland. German language and culture were banned, their practitioners harassed and even imprisoned. The new Solidarity-led government has eliminated such tactics and called for "mutual respect" among ethnic groups. But when Prime Minister Tadeusz Mazowiecki of Poland was asked at a news conference in London recently whether his government would grant minority rights to Germans, he gave a one-word reply: "No."

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# ART

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## Glasnost Thaws Out a Soviet Painter

By Michael Gibson  
International Herald Tribune

**P**ARIS — Like the World War I soldier who fell into an Alpine crevasse and was discovered a couple of years ago in a perfect state of preservation among the stones at the foot of the glacier, the Russian painter, Pavel Nikolaevich Filonov, only recently emerged (at about the same time too), from 60 years in the artistic deep freeze.

He too, had fallen into a crevasse. A retrospective of his work had been scheduled at the Russian Museum in Leningrad in 1929. The artist was then 47. The works were hung, the catalogue was ready, but the show never opened.

A hostile critic was unexpectedly brought in to provide a new catalogue text. In it he proved to his own satisfaction that Filonov, the

son of a washerwoman and a coachman, was a mystic "petit bourgeois" individualist, wrapped up in the past, an opponent of the new reality, and that his work was alien to the concerns of the proletariat.

A few worker delegations were taken through the museum on the assumption that their reactions might provide a litmus test.

Disappointingly enough to his detractors, they liked what they saw. But official dogma was hostile to Filonov and he became an outcast. He ultimately died of cold and starvation in the streets of Leningrad, during the 1941 siege.

Two years ago, however, Filonov finally and posthumously emerged from his glacier. The same Russian Museum of Leningrad once more arranged a show, and this time it was opened to the public. Three hundred paintings and drawings were on view, there were many visitors, from young punks to older intellectuals, and the work provoked great interest and animated discussion.

A reduced version of the same show, comprising 158 items, opened recently at the Georges Pompidou Center in Paris (through April 30). The discovery of this unknown body of work may disconcert the viewer, partly because it does not fit into established categories but reflects one man's elaborate response to situations, assumptions, and a life context of which we often have only a general and rather abstract idea. We have come to terms with Malevich (whom Filonov himself respected), because his work was seen in the West in his lifetime.

But Filonov remained unknown, and our art history has been written without him.

This is all the more tiresome for those who will have to do the re-writing, since Filonov's style is



Filonov's "Two Heads" (1925).

strangely eclectic. Other artists can be eclectic too (think of Picasso), but then their diversity is neatly packaged into periods. Not so Filonov. At almost any moment of his life he can be seen shuttling feverishly from photo-realism to an idiosyncratic expressionism, to a representational form of "futurism," to abstraction.

His abstract work is often dotted with faces or human figures, and the overall effect can be bewilderingly prismatic or reminiscent of a fragmented picture puzzle. He was also much influenced by his powerful, but (to us) little known predecessor, Alexander Vrubel and many works show traces of Symbolism. Thus, for instance, his conviction that cities are an embodiment of evil leads him to make all city houses appear crooked, and city dwellers distraught.

black bread, tea and cranberry juice. He believed Russian art was inevitably destined to gain world supremacy, and he was obsessed by the desire to produce an art that was specifically Russian. He therefore went in a direction quite opposite from that taken by other artists who looked to the West. He no doubt borrowed formal elements from the Cubists and the Futurists — but he always infected it in his own peculiar way.

His subject matter too was generally Russian with reference (before the Revolution, at least), to such familiar Christian themes as the Holy Family, the Orthodox communion ceremony or the Holy Trinity. Later on he tended to use the demagogic idiom of the revolution in his titles and in the explanation of his work, no doubt because it appeared to be a new common language, a contemporary reformulation of traditional concerns.

He shared the deeply rooted Russian faith in the People — that suffering entity of history — and it was easy enough for him to acknowledge the Proletariat as the modern face of this People. It was "to the proletariat" that he willed the body of his work.

Filonov was clearly interested in Russian mystic philosophy as typified by such (to us) little known thinkers as Nikolai Fiodorov. He shared his apocalyptic expectations of a regeneration of mankind (both of which made him welcome the revolution), along with the belief in Christian Russia's providential role as a mediator between the Western world and the East. His paintings are inspired by these expectations and beliefs. They are tormented, visionary, muddled and uneven: sometimes beautiful, sometimes hideous — a long forgotten slice of life and experience which the East-West thaw has unexpectedly brought us.



A deep faith in the Russian people: "Peasant Family" (1914).

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## The New Order at the Tate: An Inspired Inside Job

By John Russell  
New York Times Service

**L**ONDON — This critic still cannot see a lump of sugar without thinking with gratitude of Henry Tate, who in late Victorian times was England's Mr. Sugar. At a time when the annual consumption of sugar in Britain was running at more than a million tons a year, Henry Tate had patented a way of cutting up sugar into handy and uniform little lumps. People couldn't get enough of it. He and his firm prospered accordingly.

In his spare time, he bought paintings and sculptures from living British artists. In 1890, when he offered a group of them to the Na-

tional Gallery, which declined. Tate then proposed to the government that his collection form the nucleus of a public gallery of British art. "You give the site," he said, "and I'll pay for the building."

Eventually he got his site. On the north bank of the Thames, downstream from Westminster, a dismal little jail was overdue for demolition. The deal was cut, the jail was pulled down, and in 1897 the Tate Gallery was opened. It still has the original and stately neoclassical riverside frontage by Sidney R.J. Smith (who later made it possible for Tate to be buried in a terra cotta mausoleum with Tudor windows). Inside, it has been enlarged on six separate occasions. In 1987, it acquired the Clore Gallery, designed by James Stirling to house

the work of J.M.W. Turner. Now the fourth most popular museum in Britain, the Tate has a particularly strong international profile in the domain of 20th-century art.

In that context, Nicholas Serota in 1988 was everyone's first choice for the directorship of the Tate in succession to Alan Bowness. As director of the Whitechapel Art Gallery, Serota proved that he knew how to choose, organize, edit, install and champion major exhibitions of contemporary art.

But the Tate Gallery is not only a museum of contemporary art. It has a commitment to British art from the year 1545 onward. Against heavy odds, it has built up since World War II a "modern foreign" collection that is intended to cover British and European art from roughly 1885 and American art since 1945.



Nicholas Serota in the Tate's restored sculpture gallery. Behind him is Richard Long's "Slate Circle" (1973).

Gallery was being freed from all accretions and all accepted habits. Screens, partitions, locations long hallowed, forms of lighting that had become second nature. All were being abolished.

As it turned out, that reinstallation has induced in almost every

visitor a feeling of euphoria. On a recent Sunday afternoon, when people went into the Tate at a rate of more than 2,000 an hour, there was not a disgruntled face.

It is not with novelties that magic has been made. It is with a permanent collection. "Past Present Fu-

ture: A New Display of the Collection" gives us a fresh, rethought and reordered idea of those collections. It is an in-house job, with just a very few loans at points where they add something of immediate importance.

There is no way to correct or conceal the imbalance that results from the Tate's twofold mandate. If there were some among the visitors who responded equally to Hogarth and Bacon, Constable and Robert Rymen, John Martin and Whistler, Picasso and Stanley Spencer, Mark Rothko and Joseph Beuys, Frank Stella and Rosemarie Trockel, they were prodigies of comprehension who rarely made themselves known.

But now, quite suddenly all that is changed. Visitors move from one place and one century to another without so much as a grinding of gears. Flashed as a single continuous circuit that begins and ends at the same place, the display is everywhere limpid, unhurried and uncrowded. We learn from it, uninter-ruptedly, and many is the inspired connection that it sets up for our enjoyment. But nowhere does it lay down the law.

To that end, labels are used sparingly but to great effect. A case in point is that of a painting by William Dyce called "Pegwell Bay, Kent — A Recollection of October 5, 1858." Once seen, it is remembered for the blanching unearthly look of the beach at low tide, the standing figures poised here and there in expectation, the precipitous cliffs in the background and the light, everywhere, that is like nothing we normally see.

A disquieting scene therefore. But less so when we learn from the

label that it refers to the passing overhead, in October 1858, of one of the six comets that the Italian astronomer Donati had discovered in rapid succession from his observatory near Florence. Not only so, we glimpse the comet itself, but we sense that the world has held its breath to witness it.

**I**N a more general way, the new installation reflects the enhanced prestige that "historic British" art has come to enjoy since World War II. This is due in part to the enormous amount of work that has been done by both British and American scholars. It is also due, in the United States, to the existence in New Haven of the Yale Center for British Art, which owes its existence to Paul Mellon. By collecting British art on a wide front and in depth, Mellon raised the general awareness of its qualities to a level that would otherwise have been difficult to reach.

There is no hierarchy, and no first- or second-class citizenship about the new display. Paintings that have not been hung for half a century come back into favor. Others, indispensable by any standard, are slipped in where we do not expect them.

There is nothing mandatory or immutable about this initial display. The fact, for instance, that American postwar painting is shown mostly in terms of the first generation of Abstract Expressionists does not mean that more recent American art will not have its turn. Every six months, in some cases, and every year in others, a whole new cast of characters — already announced — will turn up.

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Handwritten signature: "J. K. W. S. G."



# The Ruthless Multiple Vision of Joseph Wright of Derby



Self-portrait of Wright of Derby at the age of about 40.



"A Conversation of Girls," shown in the Tate exhibition.

**L**ONDON—Some artists seem to have been inhabited by a multiple vision. As their oeuvre unfolds and a range of styles is revealed, one wonders what force drove them to stray so far away from the mainstream of their time, in so many directions. Joseph Wright, known as Wright of Derby because he spent most of his life in the town, where he was born in 1734 and died 63 years later in his own home, is one of those.

## SOURN MELIKIAN

The 151 works, mainly pictures plus a few drawings and engravings, to be seen at the Tate Gallery until April 22 before going to the Grand Palais in Paris from May 17 to July 23 and, later, to the Metropolitan Museum in New York, tell the astonishing story of a well-to-do middle-class Englishman in a provincial town whose view of society could be devastatingly unconventional and who put it across in pictures that at times anticipate trends of a hundred years later.

Benedict Nicolson, who dragged him out of obscurity with his book "Joseph Wright of Derby: Painter of Light," published in 1968, thought his main concern lay in the handling of light. So does Judy Egerton, who edited and wrote the introduction to the remarkable exhibition catalogue. But light would seem to have been a means rather than an end in itself, used to achieve a surreal effect and suggest an atmosphere of weirdness that makes much of Wright's oeuvre unique in 18th-century art.

This comes out in the first painting in the show, a self-portrait done when he was about 20, having just completed his three-year training under the London painter Thomas Hudson. The young man is seen sideways, his head turned three quarters, yet looking intensely at the viewer out of the corner of his eyes. The use of color likewise aims at intensity through contrast—a cape thrown over his shoulder reveals a bright red satin lining set off by his black waistcoat and the milky white of his lace ruff. The sister is seen through a trompe l'oeil oval opening cropped by the frame, which seems to draw the viewer into the picture. This is all miles away from traditional 18th-century portrait painting, with its concern for detail and subtle nuances.

Unlike his contemporaries, Wright dwelt on the ugly and the disproportionate instead of softening everything down. When portraying William Brooke, he depicts a man bursting with his excess weight, seated with his thighs un-

comfortably apart. The puffed, bloodshot face with a bland smile breathes self-satisfaction. His olive brown velvet attire—with matching waistcoat, riding coat and breeches—gives the sister an affection of elegance that sums up Wright's cruel irony.

Occasionally, it could border on violence. The portrait of Mrs. Wilmot, done around 1762-63, shows a woman who seems larger than nature, as she leans heavily over a wooden fence wearing an elaborate mulberry riding habit trimmed with silver braid. Raising a whip in her gloved hand while retaining a wide-brimmed hat with the other, she stands near a chained fox to the English-style fox hunt. The self-confident smile, half-way between beaming and glaring, the maniacal hatred, the strut and the touch of ferocity create an atmosphere as disturbingly threatening as anything imagined by Henry James in "The Turn of the Screw."

Complacency and cruelty seem to have haunted the painter as he gazed at the rich and mighty who showered commissions upon him. A family portrait of James Shuttleworth, a Tory landowner, with his wife, Mary, and one of their daughters, is an exercise in understated satire. The young girl has a smug smile as she holds up a dead partridge, hanging limply and teasing a hunting dog. She pulls up her satin dress with the other hand in a gesture that seems to mimic her father's posture standing with his hand on his hip.

Behind the girl, Mary Shuttleworth sits, resting her hand on a mahogany table and beaming self-confidence.

Shortly after, the artist's repressed violence burst out in a group of paintings in which a search for the surreal results in a uniquely expressionistic style. The subjects, chosen for their extremes, are invariably handled in wildly exaggerated chiaroscuro effects created by candlelight.

In one, showing "Two Boys Fighting over a Bladder," the dark silhouette of a boy seen from the back bends to the right in a frenzied effort to put his opponent's ear. The latter's face appears in a blaze of light, intensely red and distorted by pain. There is an atmosphere of hysteria about it all.

WRIGHT'S search for the unusual led him to deal with scientific subjects, bringing him to the edge of kitsch. "A Philosopher giving that Lecture on the Orrery, in which a lamp is put in the place of the Sun" is as painstakingly elaborate as its long title suggests.

Children and grown-ups gather around the orrery, a device designed to explain the movement of the planets, in the candlelight chiaroscuro then beloved by the artist. "An Experiment on a Bird in the Air Pump," done two years later, in 1768, is even more ambitious in the accumulation of unrelated characters, as artificial as dummies, and of technical detail. This is quasi-photographic realism, hardly redeemed by

the candlelight effect. Both are immensely favored by British writers. All at once, Wright sank into anecdotal detail. "An Academy by Lamplight," in which pupils are seated around a Roman-style marble statue, trying to sketch it in most unsuitable candlelight, is an academic exercise mostly worthy of later Victorian painting at its worst.

Yet, within a year the versatile Wright was once again painting one of his cruel studies of the human comedy in a manner utterly different from his earlier work in that line. "A Conversation of Girls" is a striking scene featuring three little girls in a park. As in so many of Wright's paintings throughout his career, the center character in the cast turns its back on the viewer. This is a little girl leaning against an urn on a pedestal. She looks down at a black girl crouching to her as she presents a tray full of flowers. One can only just guess the white girl's smug expression of racial prejudice in the end. In the background a blond-haired friend of hers peers behind

the urn with a smile half hesitant, half fatuous, as she grasps a flower in the tray. There is a soft, slightly bewildered resignation in the face of the black child.

One would hardly expect a man so deeply absorbed in the study of fellow humans to have turned his hand to landscape painting. He did with the same versatility, developing several very different styles and innovation in the most revolutionary manner. Almost a century before Monet and the Impressionists, he painted the same landscape seen in different lights—the hill above the grove of Poodippe where Virgil was thought to have died. In one version, "Virgil's Tomb With the Figure of Silenus Italicus" appears under a moonlit sky, with Silenus Italicus reading in the grove filled with Wright's favorite candlelight. In another version done in 1765, the landscape is bathed in a delicate late summer sunset light.

Five years later, in 1790, the artist was painting landscapes in a style so different that one would never think of linking them with

him were they not fully documented. "Lake Nemi at Sunset," admirably composed, spurring in detail, glowing in its pale golden light, is one of the greatest landscapes in late 18th-century Europe. That same year he produced another landscape, supposedly Italian, that anticipates the marve and pale green palette of some Post-Impressionist work a century later. It has little in common with "Lake Nemi at Sunset" or indeed with "Rocks With Waterfall," painted in thick strokes of the brush in a manner that betrays French painting of the 1860s.

One reaches the end of the exhibition wondering about the secret that lies behind the multiplicity of interests and styles. His later self-portraits betray a desire to resemble Rembrandt. But his genius, when he displayed some at intervals, lay in his ability to distance himself from his surroundings. He saw his fellow humans with a piercing eye, unaffected by preconceived ideas, and painted landscapes in some cases almost unfiltered by the burden of tradition.

## Islamic Art at Auction

INTERNATIONAL HERALD TRIBUNE

PARIS—Ottoman pottery of the 16th century sold for huge prices at Drouot in a sale conducted Monday by Francois de la Roche, assisted by the expert Jean Soudier and Marie Christine David. The pottery, bought between 1965 and 1971, came from the collection of a physician, Dr. Pierre Charnay, who died last year. Several pieces were further glorified by being illustrated in a book by Bernard Leach, "Islamic Pottery and Italian Mosaic" published in 1959 while still at the hands of Fernand Alda, the Alexandria collector. And the current Grand Palais exhibition of Ottoman art keeps up interest in 16th-century art to boiling point. This showed when a cylindrical tankard of the late 16th century decorated with white cloud bands on a pale tomato-red ground sold for 697,825 francs (\$120,700). A dish with a rare pattern of swirling

lobes on a blue ground in a white surround, datable around the 1570s, went up to 445,909 francs.

Later in the day a single volume from a dispersed Koran in several volumes, completed in 1256 in Marakech, soared to 2,209,321 francs, despite its poor condition. It owes much of its interest to its binding, apparently the earliest known example of gold tooling on leather.

Souran Melikian



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# THE TRAVEL INDUSTRY

## Tourism Linked to Political Change in the 1990s

Travelers have given world affairs more thought than usual during the past year. Dream trips to China were abruptly canceled last summer and, suddenly, voyages into that previously taboo hinterland of the Soviet Union and Eastern Europe became a reality for many.

Tourists are focusing on new areas, causing the travel industry to keep one eye on bookings and the other on politics.

At the same time, it is becoming clear that the world of politics needs to take a closer look at tourism; with people traveling as never before, the tourist industry has enormous

potential to affect economies, for better or worse. In Eastern Europe and the Soviet Union, in particular, tourism has suddenly become popular with governments. One recent study claims that with an annual gross output of \$2 trillion, travel and tourism is one of the top two or three industries in every country. The study appears to be the first major effort to quantify tourism as an industry on a global basis. It was commissioned by American Express Travel Related Services and carried out by WEFA (Wharton Econometric Forecasting Associates).

### Seven million Westerners visited Hungary in 1988

The author's definition of the industry is extremely broad; nevertheless, several key points are worth noting:

- tourism is the largest employer in most countries, with 101 million people worldwide;
- consumers spend as much on tourism as they do on health care or clothing in developed countries;
- personal travel represents 11 percent of consumer spending world-

wide. Total sales were \$1.9 billion in 1987, of which two-thirds was personal travel. What may interest governments most is that the industry contributed \$949 billion, worldwide, to U.S. GNP in 1987. These are charming numbers to the East European countries. Economic restructuring is at the heart of their reforms, but it is severely hampered by a shortage of hard currency — and tourism is seen as one good way to make up for this lack.

Luckily for Eastern European countries, tourists are interested. The number of visitors has been growing since the mid-1980s, when several governments began to change their attitude toward Western tourists. Pan Am airlines, which has 10 Eastern Europe destinations, reports an 80 percent increase in traffic to the area from 1987 to 1989. The bulk of that was to the U.S.S.R. Lot, the Polish airline, says travel from the U.S. to Poland surged after last summer's reforms. American Express reports that its package tours to Hungary and the Soviet Union in 1989 were 20 percent above 1988 figures.

Recent events have sparked a new wave of interest. British Airways and Lufthansa are increasing their flights east. Several European and American travel agencies say inquiries are up, and more than one calls the U.S.S.R./Eastern Europe the "hot" destination of the 1990s.

For the time being, many would-be visitors seem to be taking a wait-

Continued on Page 10



As the Berlin Wall goes down, East/West tourism goes up: Eastern Europe is predicted to be one of the world's most popular destinations in 1990.



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## Ecotourism: Environment-Friendly International Travel

Travelers looking for the extraordinary — a hike in an Ecuadorian cloud forest, a glimpse of Indonesia's last "dragons," a sojourn among Kenya's nomads — can take their pick from growing lists of exotic and sometimes physically taxing trips.

Studies documenting the rising demand are scarce but the travel industry, conservationists and governments hoping for a tourist boom are already responding. The emergence of what has been dubbed "ecotourism" or nature tourism coincides with the entry of environ-

Hemingway immortalized it and Teddy Roosevelt stalked it, but until recently few ordinary mortals indulged. Now nature and adventure travel are among the fastest growing sectors of the tourist industry.

mental issues into mainstream politics.

The concept is not new. African wildlife safaris and visits to Yosemite have been popular for decades, yet there is an increasing urge to experience lands and peoples relatively unsullied by fellow tourists.

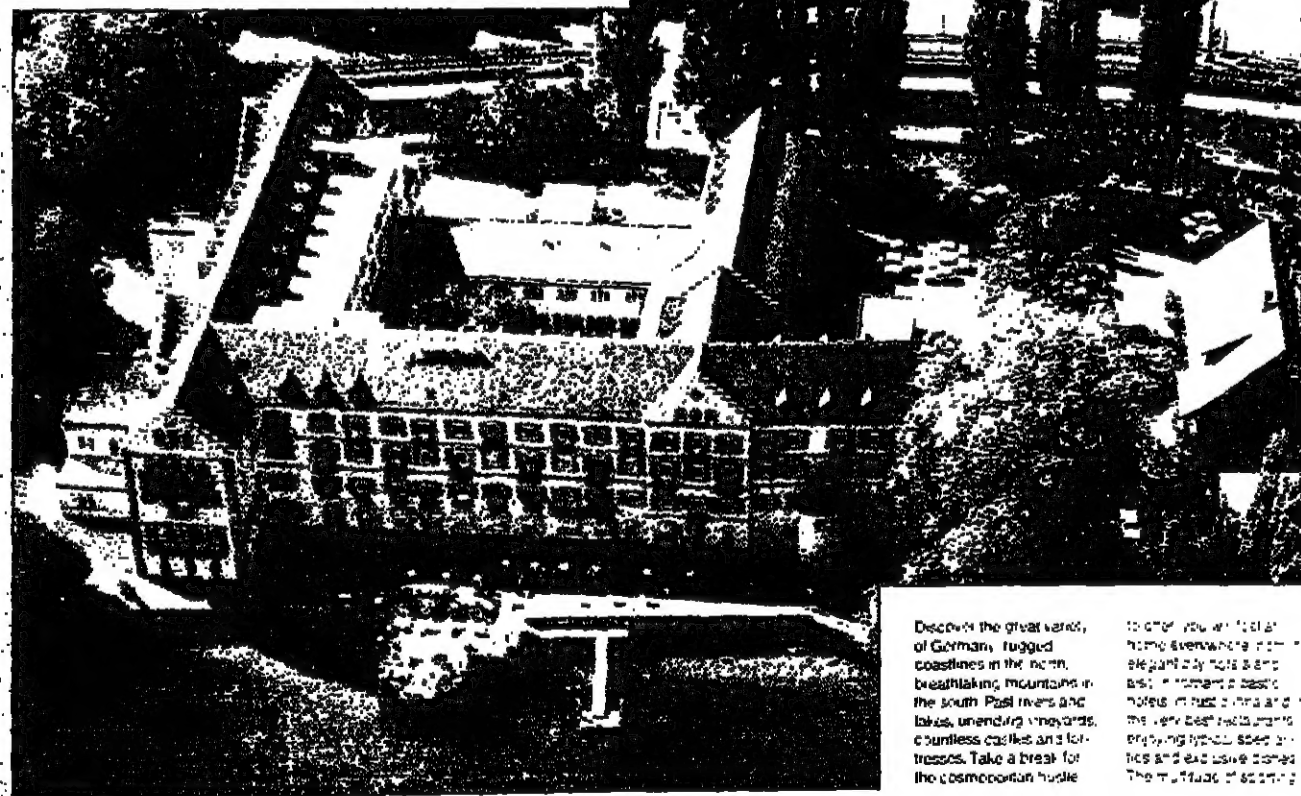
There are, of course, some risks and limitations. The world's five billion inhabitants cannot all go to the Galapagos Archipelago or the trails below Mt. Everest without destroying what they came to see. Still, properly managed, ecotourism allows travelers to experience cultures

previously left to National Geographic expeditions, brings revenues to remote regions and makes conservation economically viable.

Elizabeth Boo of World Wildlife Fund says that there is "a huge demand to do off-the-beaten-path tourism to natural areas" but that most parks are not yet equipped to benefit and to mitigate the negative effects. Preliminary information gathered from tour operators, park entrance figures and surveys indicates a doubling or tripling of the

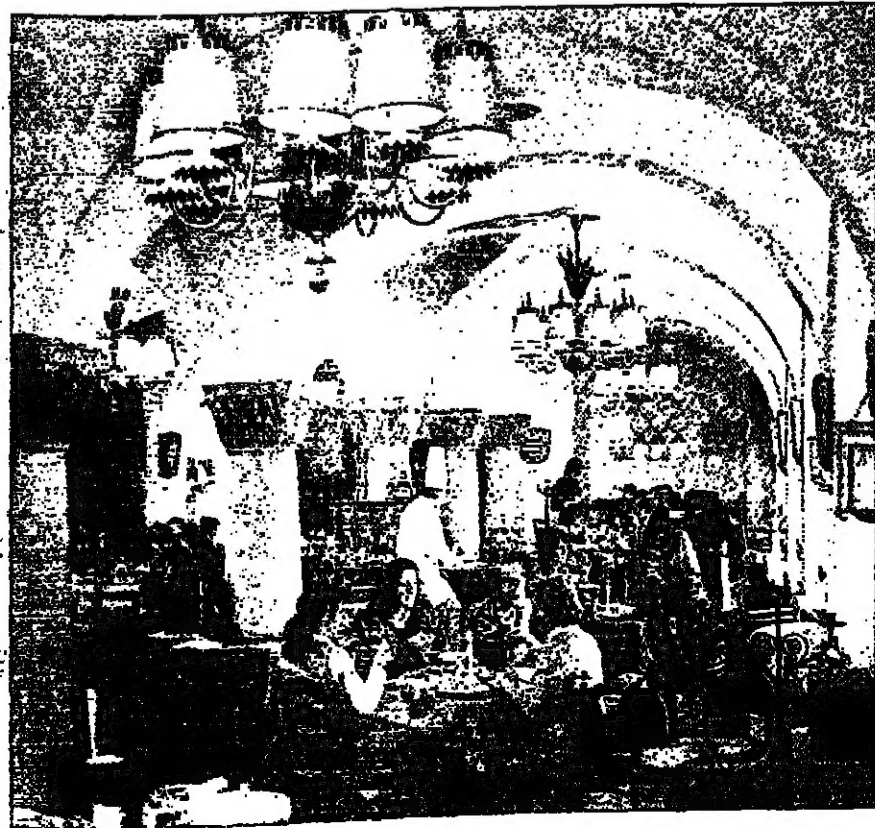
Continued on Page 12

## Germany.



Discover the great variety of Germany's rugged coastline in the north, breathtaking mountains in the south. Visit the historic cities of Cologne, Frankfurt, and Munich. Enjoy the world-famous Oktoberfest in Munich. Take a break for the cosmopolitan hustle.

## Magnificent Hospitality.



and battle in the cities or for a glass of wine in one of the charming wine villages. And small and large museums, traditional festivals, theaters, concerts, historical buildings and monuments all along the way — encounters with a huge variety of different cultural periods. Enjoy all the pleasant things which Germany has to offer.

Germany's rich cultural heritage is reflected in its many historical monuments and museums. The country's diverse landscape offers a wide range of recreational activities, from hiking in the mountains to relaxing on the beaches. Germany's friendly people and excellent service ensure a memorable experience for all visitors.

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## ADVERTISING SECTION

## THE TRAVEL INDUSTRY

## Asia/Pacific 1990: A Region's Year of Tourism

But there is another side to this development of the region's tourism industry. While the Association of Southeast Asian Nations (ASEAN) countries are bursting onto the tourism map, offering a whole new tourist playground of diverse cultures, crafts and leisure amenities, some of the more established centers are trying to recover from serious tourist slumps.

For the tourists themselves, it is a winning proposition on both sides of the coin. On the one hand, there is more to visit, see and do in the region than ever before; on the other,

## The region's new top destination is Vietnam

er, popular destinations like Australia, China, Hong Kong and the Philippines are offering substantial hotel and travel discounts in a bid to reconstruct tourist business in the wake of political, economic or infrastructural setbacks.

On the promotional side, Visit Malaysia Year 1990 has underscored the key theme of regional development, joining Thailand, Indonesia and the Philippines in a loosely coordinated drive to attract more tourists to beaches, jungles, mountain resorts and cultures that are still relatively undisturbed by the area's rapid economic development.

Malaysia is promoting its multiculturalism along with the architectural heritage of its Portuguese, Dutch and British colonial eras. The Philippines is continuing the fiesta theme it launched last year with a packed calendar of annual festivals, most of them religious, ranging from huge Easter rites and processions to wildly anarchistic Mardi Gras celebrations. Indonesia, building up to its own "year of tourism" next year, has embarked upon a joint development and promotional campaign, with 25 new hotels being built in Jakarta alone, a tourism training and "awareness" program instituted across the country and the message that there is a lot more to Indonesia than just Jakarta and Bali.

These national programs are intensely competitive, with each country beating the tourism drum

The Asia/Pacific travel industry has embarked on another vigorous year of promotion, with Malaysia and Indonesia leading a regional campaign to show off exotic new destinations, cultures and resorts.

for its share of a travel market that is currently growing at 13.2 percent a year, more than twice the world average. Thailand's highly successful Year of Tourism in 1988 hiked its tourist arrivals to 4.2 million, an increase of 21 percent. Malaysia is aiming for the same number of foreign visitors this year, and Indonesia's target for 1991 is two million, rising to 2.5 million and an annual tourism income of US\$2.25 billion by 1993.

But regional tourism chiefs are hoping to harness all this promotional vigor to the more coordinated cart of Visit ASEAN Year in 1992, embracing the incredibly diverse cultures and attractions of the entire ASEAN bloc — Singapore, Malaysia, Thailand, the Philippines, Indonesia and Brunei. The combined promotion will enhance moves that have been under way for some time to distinguish these Southeast Asian nations culturally and geographically from the rest of Asia, establishing their total 300 million people and developing economies as a new economic powerhouse of the Asia/Pacific region.

This "year of tourism" syndrome has rubbed off on other regional destinations this year. Distant New Zealand is making its bid for the growing legions of wealthy, free-spirited Japanese, Taiwanese and Hong Kong Chinese tourists with a New Zealand 1990 promotion. And Korea, building on the publicity fallout from the 1988 Olympic Games, is pushing its new and sophisticated incentive and convention center and trying to persuade visitors that the "real Korea" lies in the cities and newly developed business and leisure resorts beyond Seoul.

But while 1990 is shaping up as a year of triumph for most parts of the region, for other destinations it is a question of whether it will be a year of recovery or more gloom. The Australian tourism industry is clambering shakily back to its feet after being floored by a combination of

high interest rates and the bitter domestic airlines dispute that cost more than A\$700 million (US\$530 million) in lost revenues in 1989. For hotels, resorts, theme parks and tour operators across the country, 1990 means trying to claw back a crippling shortfall in foreign visitors that saw the Japanese visitor totals down 25 percent, West German totals down 20 percent and American totals down 15 percent last year.

In the Philippines, the festive atmosphere of the past year — and the nation's much-publicized economic aims and prospects — have been dealt a similar body-blow by last December's attempted coup and continuing worry about President Corason Aquino's chances of remaining in power. Tourism has plunged, and so has investor confidence, with previously bullish Japanese and Taiwanese corporations now holding back on new investment that, among other things, was earmarked for hotel, resort and other tourism development.

In China, the political fallout from the June 4 crackdown in Beijing has all but wiped out tourism from Japan and America, previously the PRC's biggest markets. And with the coincidental economic slump and a severe glut of hotel construction in the major cities and tourist destinations, the industry is in a virtual no-win situation: with tourists staying away, its recovery hinges on business travel, which is in a serious downturn of its own. While this is a setback for a nation that had projected more than 10 million foreign arrivals a year by the end of this decade, it is a boon for the budget traveler. With occupancy rates down as low as 25 percent in some international joint venture hotels, you can get a first class and even deluxe room in most places in China for around US\$50 a night — compared with \$100 to \$120 a year ago — and as low as \$10 in the major cultural spots that are really feeling the pinch, Guilin and Xian.

And there are good deals to be

had in the other previously packed, high-cost regional tourism centers. Hotel rates on Queensland's Gold Coast are at a three-year low. Australia's three domestic carriers — Ansett, Eastwest and Australian — are struggling to fill seats from Sydney and Brisbane, and Qantas has cut its package fares by as much as 39 percent on its inbound Japan, European and North American routes to support the industry's revival.

In the background of the region's mixed fortunes, there is one current development that has put the industry right up on its toes — the opening door to Vietnam. With its economy devastated by the war, subsequent mismanagement and the U.S.-backed economic blockade, Vietnam has loosened up its investment regulations and is actively courting joint-venture interest on everything from oil exploration to hotel construction in order to catch up with the astonishing development and wealth of the region.

This has put the tourist industry in a high state of excitement. Major hotel groups like Holiday Inn, New World International, Southern Pacific Hotel Corporation and Sheraton Asia-Pacific have rushed to earmark and even begin developing sites in Ho Chi Minh City (Saigon)

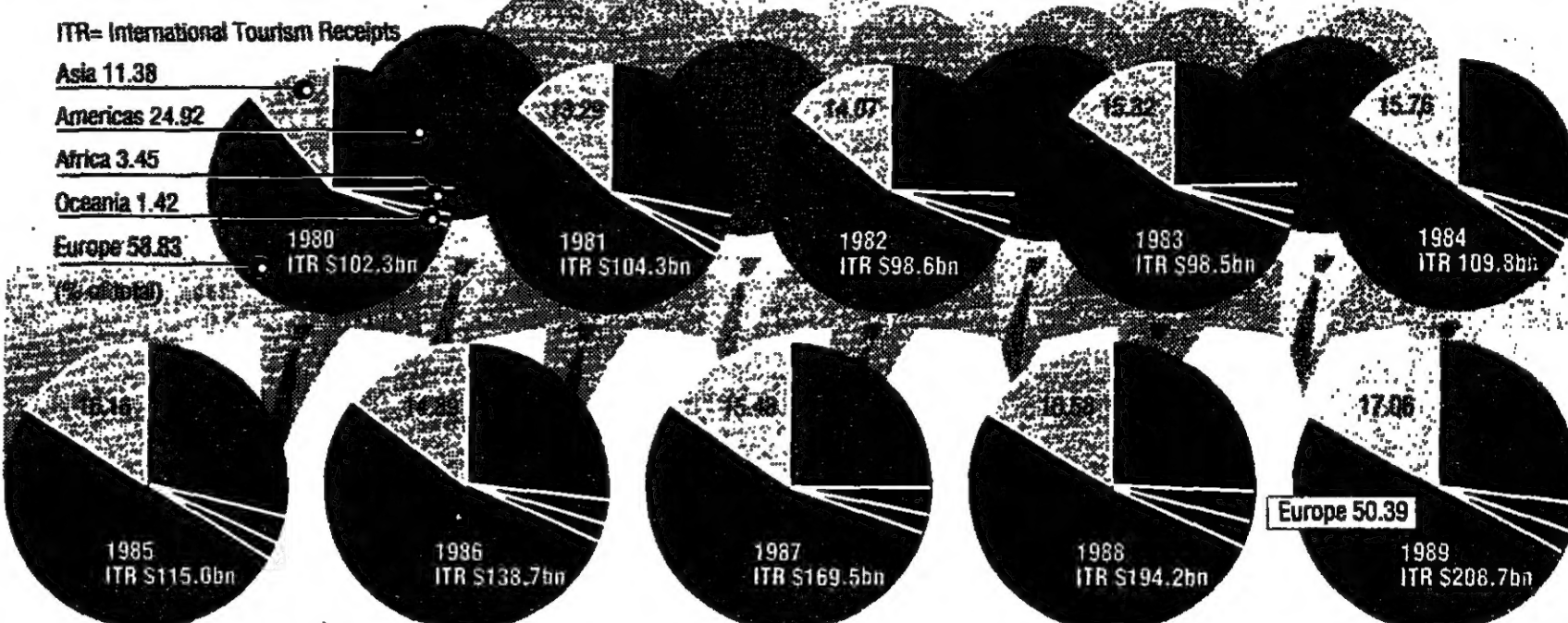
and Hanoi, with American corporations like Sheraton pressing anxiously for the removal of Washington's ban on investment and travel in Vietnam. Singapore Airlines, Malaysian Air and Cathay Pacific are among the key Asia-Pacific carriers negotiating landing rights with Hanoi.

The general feeling is that Vietnam — with its natural beauty, untouched beaches, cultured society and French colonial heritage — is the exciting new frontier of tourism in the region. The general industry attitude is hats off to those who have gotten in on the ground floor: Philippine Airlines, Air France and Thai International, all running regular services into Vietnam, and the Australian EIE group, which had the foresight to tow a six-story luxury floating hotel up from the Great Barrier Reef and moor it on the Saigon River. Vietnam's progress is another bad competitive blow to China, the flavor of the decade for tourism and business travel until the events of June 4.

Meanwhile, in the now-established tradition of regional development, Vietnam has already begun beating the drum. The country has declared 1990 its "Year of Tourism."

Derek Maitland

**THE ASIAN DECADE** Asia, whose receipts from international tourism tripled in the 1980s, increased its market share by 5.7 percentage points. Europe lost 8.4 points over the same period.



## Tourism and Politics

Continued from Page 9

and-see attitude, however. Alexandra Bolensky of American Express's London office says that there is not yet a strong increase in those signing up for tours to Eastern Europe. "Our feeling is that although the area is more open, stability is still a question for many people," she says.

Perceptions may change quickly, but it will take time to resolve another problem: throughout Eastern Europe and in the Soviet Union the infrastructure to handle a major influx of tourists does not exist. Top quality hotel rooms are in short supply, lines for restaurants are often long and service is often poor.

The word from almost every quarter is caution. An airline official warns: "It's going to be easier now to go to these places, but a lot of people could be disappointed." He recalls that a worried tourism office man in one Eastern European country recently told him, "People will forgive you bad weather, but not bad arrangements."

An added complication is that

information on the tourism infrastructure in these countries is in short supply. That should be remedied somewhat by the Economist Intelligence Unit's forthcoming report on Tourism Potential in Eastern Europe.

It points out, for example, that while Hungary, with a population of 10 million, had nearly 7 million Western visitors in 1988, the Soviet Union had only 1.7 million — all the more remarkable when the tourism potential of the two is compared. The Soviet Union has for so long ignored tourism, states the report, "that even a much higher rate of investment will require at least a decade to fill the gap."

Czechoslovakia's isolation from the West was even more marked, the report points out, with the result that in 1988 less than 7 percent of the visitors to the country arrived from the West. The shortage of hotel rooms can be severe, but "private accommodation is likely to be used to a larger extent" thanks to the change in government.

Fritz Anton, head of International Business for Girozentrale Bank in

Vienna, has been in close touch with government officials and opposition leaders in several Eastern European countries. He says: "All these countries have one problem: they have acquired a reputation as cheap holidays, with little islands of luxury in rather gloomy surroundings. They will have to change that. Tourism is a business of increasing financial returns: they are starting to see that what you get back is disproportionate to what you put into it."

In May, Mr. Anton's bank will lead-manage the privatization of the state-owned Hungarian travel company, Ibusz. Shares will be offered on both the Vienna and Budapest stock exchanges — the first time shares from any of the seven CMEA countries will be officially quoted on a Western exchange. The operation will be watched closely both by Hungary's neighbors who want to follow suit with their own state-run businesses and Western investors anxious to take advantage of growth potential.

Eastern European airlines are improving their service. Czechoslovakia's airline, CSA, recently hired a London firm as a financial consultant. Yugoslavia's national airline is considering privatization. To modernize their fleets, Poland's Lot is

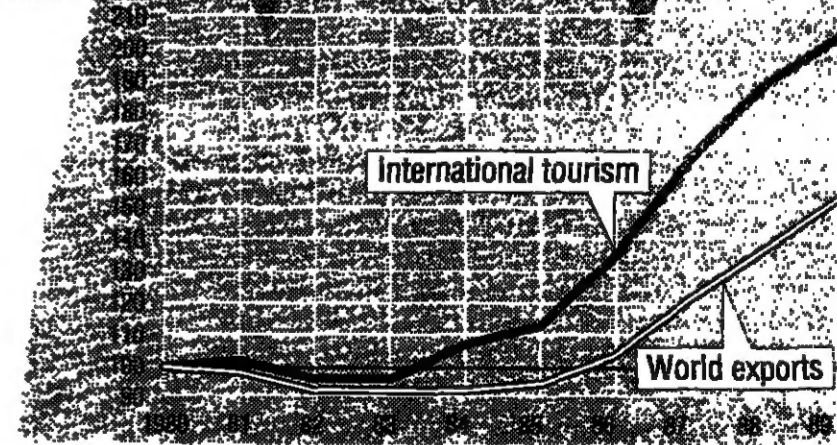
getting new 767s, and Aeroflot is acquiring Airbus. But according to an official at IATA in Geneva, most efforts to improve infrastructures are still happening on a small scale. He says: "These people are having to deal with questions from investors, like 'Who are we going to buy from and what is it worth?'"

One company discovered, when it wanted to fly into an American city, that the biggest stumbling block was that the Americans insisted they needed the name of a stockholder who could be held liable in case of lawsuits — and there was no one to list because, officially, there was no stock.

"You have to start with basics," the IATA official says. "Swedish air traffic controllers are teaching English to air traffic controllers in the Soviet Union, for example. English isn't a problem flying into Moscow, but further east it is a real problem. You used to have trouble getting flyover permission, but now it's a la mode, and suddenly they need not just one or two controllers but often a third or fourth." He believes the growing cooperation between controllers could help ease Europe's air congestion problem.

Eastern Europe is not the only area to benefit from an improved

## A GROWING SECTOR: International tourism receipts grew twice as fast as world exports in the 1980s



Source: WTO

political climate. Hugh Cuell, CEO of London-based Destinations, has specialized in African travel for more than 10 years. "Interest is growing," he says. "We see the whole area opening up." The company's business to the continent grew 45 percent from 1987 to 1988 — largely, he says, because travelers see that these countries' situations

are improved. The latest to benefit is South Africa, where, he notes, "business is certainly picking up." But then, that seems to be the case almost everywhere — with China as a notable exception — for as the WEFA report points out, there is now a worldwide "dynamic growth in travel demand."

Ellen Wallace

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# THE TRAVEL INDUSTRY

## Visiting Both Berlins: Traffic the New Constraint

Is it possible for non-German resident aliens and EC citizens to get a visa for non-Berlin East Germany at the border? "There's no hard and fast rule," states the spokesman for the Bundesministerium für Innerdeutsche Beziehungen (Federal Ministry for Inter-German Relations) in Bonn.

What kind of waiting times are to be expected for travelers using the transit autobahns from West Germany to Berlin? "It seems to have normalized," says Michael Brodersen, spokesman for Berlin's Tourist Office. "Two-and-a-half-hour waits

along West should check at which East German cities the train of his or her choice stops, as various routes — some much slower than others — are possible.

Those traveling by car will face traffic jams on both sides of the border, especially on Saturdays. West German drivers are having a hard time adjusting to two-class automobile traffic on the autobahns, and some seem personally intent on driving the slower East bloc Trabis and Wartburgs to extinction. For each of the four main transit routes, a second border crossing via two-lane roads has been opened (Rudolphstein-Hirschberg: F2, Herleshausen-Wartha: F7, Helmstedt-Morsleben: F1, Gudow-Zarrentin: F5). Signs have been put up to show the alternate routes.

Berlin is a big city, especially when one adds the other half of the city to the accommodation picture. That fact alone is what keeps the city accessible, with tourist arrivals by non-East bloc nationals up some 11 percent for all of 1989; since November, estimates range from 20 to 30 percent. Mr. Brodersen pegs the booking rate at a reasonable 65 percent and points out that in addition to comfortable if less known family hotels in Berlin's outlying Bezirke (boroughs), all of East Berlin's downtown hotels are now available. They are not cheap — prices range from DM 250 to 300 (around \$150 to 200) per night — but are quite comfortable and have a centralized booking service, International Travel Services (tel.: 0372-20920, fax: 0372-294095), at the Grand Hotel. Any major East German hotel will take care of visa formalities and other travel problems.

Flying in and to Berlin and East Germany in the spring of German unification: no forced exchange, regulations changing on a daily basis. The obstacle to border crossing used to be East German border guards and iron-clad regulations; it has now become the millions of people flooding into both Germanies. Avoiding the crowds requires anticipating their motivations (sales, holidays, good weather) and taking appropriate measures.

A train traveler from Berlin to the East bloc should reserve a seat or sleeper couchette. The East German government has announced it will now refrain from waking couchette passengers to check their passports. Any Berlin-bound passengers trav-



From political barriers to tourist crowds at East/West borders.

Non-German nationals and resident aliens without a Lichtbildscheinigung (ID issued by municipal authorities) are still restricted to Checkpoint Charlie — for automobiles and pedestrians — or Friedrichstrasse, the traditional point of entry for S-Bahn and U-Bahn travelers.

However, that can be a matter of negotiation. As is the case on all East German borders, a fair amount of pleading ("I'm a former Czech," "I've lived in Germany for ten years") has gotten people across borders officially closed to them on a day-visa basis. (It is still of course possible to go through the process of being invited by an East German citizen, although this is lengthy.)

The biggest constraint on cross-border travel is traffic. Except for mid-day weekdays and the wee hours of the morning, traveling by car often means between half- to one-and-a-half-hour waits, a situation compounded by the perpetual

bottlenecks in the Brandenburger Tor/Reichstag area.

"Take the S-Bahn" is Mr. Brodersen's advice. A personal favorite, the S-Bahn (regional railroad) has been recently restored (in the West) and retains all of its old-time charms. And, if East German locomotives prove capable of running on West German electricity, the number of trains traveling between East and West may double this summer. In addition, the West German Bundesbahn plans to run 196 trains daily between East and West.

A favorite means of transportation is the bicycle. On a recent Sunday morning, a GI wheeling a ten-speed was queuing behind two joggers dressed in baby-blue at Checkpoint Charlie. He paid his DM 5 (no more DM 25 forced exchange) and sped on his way, braving the cobblestones and potholes of a new land to be discovered.

Terry Swartzberg

## Travel Fair Looks to the East and to "Soft" Tourism

The ITB travel trade fair — to be held March 3-8 this year in Berlin's AMK trade fairgrounds adjoining the city's International Congress Center — should live up to its reputation as "the world's tourism fair."

This year's ITB will attract over 3,000 exhibitors from some 160 countries to its 2,000 square meters (21,500 square feet) of exhibition space. The ITB's more than 300 congresses, seminars and special events will include special programs on electronics in tourism and on tourism in the Third World. A special exhibit entitled "Tourism with

Over 3,000 exhibitors from 160 countries

Insight" is a labyrinth inviting visitors along byways of "soft tourism" past dead ends labeled "hard tourism" to the promised land of "balanced tourism."

"Soft," or non-intrusive, tourism is just one of the many movements making this ITB perhaps the most unusual — and crucial — one since its founding in 1966. Several thousand visitors from East Germany are expected, giving graphic evidence of the changes the last year has brought to Berlin and to Europe as a whole. The East Germans, who will be admitted at half price, are just part of what experts expect will be the most explosively developing market over the next year or two, as citizens of the former East bloc countries surge toward destinations that have long been inaccessible to them.

This travel surge will move west to east as well, the experts predict. Peter Köppen, press spokesman for the ITB, describes the awakened interest by Americans and other non-European countries in seeing the changing political landscape of Eastern Europe as "solidarity — the wish to show support by being there."

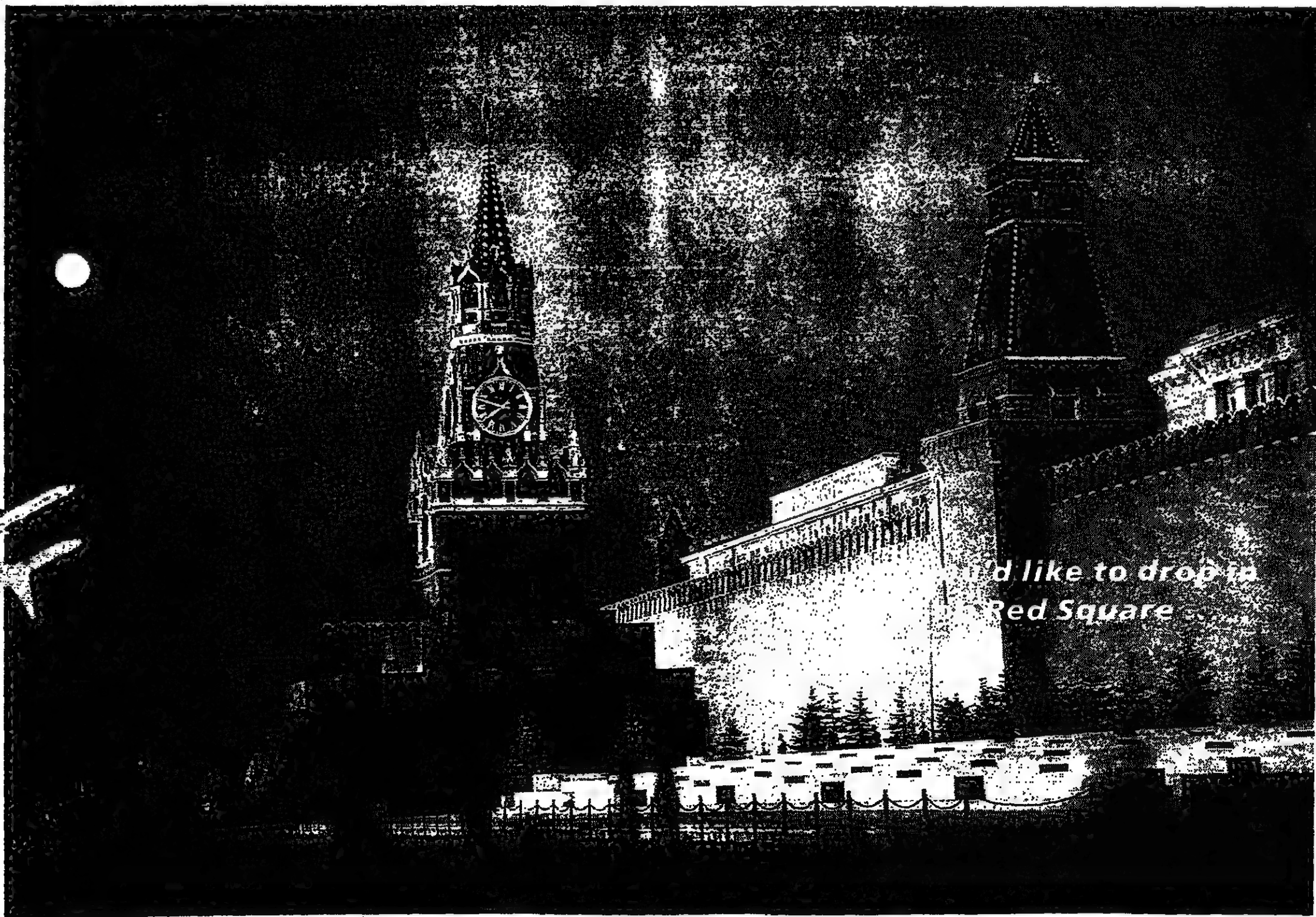
Being present at the rebirth of societies is only one of the "new reasons" cited for travel in the 1990s. Another is the association of

a healthy environment with that of personal health. Past also-rans in Europe's tourism industry — such as Austria's Styria, northern Spain and even Helsinki in winter — are suddenly blossoming, while traditional favorites, such as Italy's Adriatic coast or Germany's North Sea island of Sylt, have suddenly put themselves into the vanguard of environmental protectionists. The ITB's Hall One, which houses the Asian and Pacific exhibitors, will be the venue for a high portion of the 1,000 or so deals expected to be concluded during the fair.

What transpires in all of the ITB's 25 halls will have a direct effect on the economies of such disparate, temporary neighbors as Andorra and Bulgaria (housed in Hall 23) and Spain, Greece, Cyprus, Yugoslavia and Malta (Hall 25). The tourist sector is generally recognized as the world economy's third largest (after energy and raw materials processing), and relatively small shifts in travel patterns, caused by algae blooms or better on-line booking systems, can mean the difference between regional and national prosperity and ruin, "concrete countrysides" and sustained but non-destructive growth.

The nuts and bolts of getting increasing numbers of people safely from point A to point B and making sure their wishes are fulfilled means employing more and more sophisticated and extensive technologies and is the subject matter of "Electronics in Tourism," the electronic media congress held at the International Convention Center March 3-7. The congress also offers a once-a-year chance for harassed tourist agency directors to pool information in such seminars as "A Tourist Region's Reservation System" and "CD-ROM Applications in the Tourist Industry."

T. S.



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ADVERTISING SECTION

# THE TRAVEL INDUSTRY

## Eastern Europe: Cold War to Hot Tours

Now that the Iron Curtain has risen to reveal an intriguing new arena, Eastern Europe has become the hottest new travel ticket. Last year more Americans visited Eastern Europe than ever before, and though travel restrictions are currently in effect for parts of Eastern Europe—Albania and Romania—even more are expected this year.

With the elimination of the Berlin Wall last November and talks about the reunification of Germany currently under way, East Germany has drawn perhaps more attention than any country in Eastern Europe recently. In addition to the most familiar venue of East Berlin, East

nities will soon be added with a half-billion-dollar expansion program planned by Cedok, the Czechoslovak Travel Bureau (Na prikope 18; Prague 1; tel. 22-42-59), which handles the vast majority of the country's travel and offers a number of package tours. Besides visits to Prague, it handles tours of Bohemia, Slovakia and Czechoslovak spas. Visas, which cost \$18, may be obtained through Czechoslovak consulates. For a few dollars more, they may now be obtained on arrival at the border or the airport.

Poland became the first Eastern European country to make the news with reform when the Solidarity government took power last summer. The travel industry is also making innovations, with such new hotels as the Warsaw Marriott and Holiday Inn, owned by Orbis, the Polish government travel agency (ul. Marszałkowska 142, Warsaw; tel. 27-36-73). Orbis also has a tour that includes Warsaw, Cracow, Czestochowa, Wrocław, Poznań, Gdansk and Toruń. Visas are available through Polish consulates for \$23.

Hungary became the talk of the travel industry back in 1988, when Budapest became the first Eastern European city to host the American Society of Travel Agents' annual convention. More recently—last October—the Hungarian Tourist Board became the only Eastern European agency to join the European

Travel Commission. Its exposure has paid off: last year Budapest, in its magnificent setting of the two former cities of Buda and Pest straddling the Danube River, drew more Americans than any Iron Curtain city including Moscow. Record numbers are expected again this year, and the influx should begin soon, when the Budapest Spring Festival attracts music lovers from March 16 to 25.

Such cultural events are one of the mainstays of the surprisingly cosmopolitan metropolis, which boasts an excellent fine art museum and concert halls in addition to architecture from Roman to contemporary times. Visas to Hungary cost \$15 at consulates and the border; Ibusz (Felszabadulás ter 5; tel. 18-68-66) is the Hungarian travel bureau, which has the country's largest number of travel programs.

Yugoslavia, too, recently held its annual meeting of the Society of American Travel Writers. Whether approached by exploring the scenic coastal route, the mountainous northern region or Byzantine- and Turkish-influenced Macedonia, the country offers perhaps more variety than any other Eastern European destination. Visas are free, and such independent agencies as Four Winds Travel (175 Fifth Avenue, New York, NY 10010; tel. 212-777-0260) offer package



Buda and Pest, on opposite sides of the Danube, form one of Eastern Europe's most Westernized capitals.

Almost as varied is Bulgaria, which has everything from ancient sites inland to luxury resorts on the Black Sea within its borders. One way of seeing the sights is through the "Discover Bulgaria" tour given by Balkan Holidays (161 East 86th Street, New York, NY 10028; 212-722-1110). Visas, obtained through its consulates, cost \$23.

In addition to tours offered in individual countries, there are some combination packages now avail-

able. Club Med (3 rue Filles Saint Thomas, 75002 Paris; 42-96-10-00) has a new package from Paris to Prague, Berlin, Warsaw, Moscow, Budapest, Bucharest and Sofia. Four Winds has a tour leaving from Helsinki that travels to Warsaw, Cracow, Budapest, Bratislava, Prague, Dresden and East Berlin. Ted Cook Tours (P.O. Box 1398, Newport Beach, CA 92663; 714-645-8300) takes visitors to Zagreb, Budapest, Cluj, Sighisoara, Bra-

sov, Bran, Bucharest, Sofia, Belgrade, Sarajevo, Mostar and Dubrovnik.

Within Eastern Europe, one of the most unusual travel options is a cruise on the Danube River, which flows through the heart of the region. Donaudampfschiffahrtsgesellschaft (DDSG; Handelskai 265, 1020 Vienna; tel. 26-65-36) handles a number of these cruise excursions.

Dwight V. Gast

## Ecotourism: Environment-Friendly Travel

Continued from Page 9

call for nature-oriented trips. Nepal, which received fewer than 10,000 visitors in 1985, faced 240,000 in 1987, according to Ms. Boo's report.

Ecotourism is chic but unlikely to be just a fad, Ms. Boo believes. While North America and Europe provide the most nature travelers at home and abroad,

there is a growing wish among developing countries' nationals to see their own resources and among governments to protect those endowments.

In Jamaica, where beach tourism is considerable, the government is working to create a park system in order to diversify the country's appeal to visitors and increase revenues without further damaging the beaches. Dominica, which has few tourist beaches but retains 65 percent forest cover, now markets itself as the "nature island of the Caribbean."

"The underlying question is, 'Can tourism be a means for conservation?'" Ms. Boo says. "Fifteen years ago conservationists said, 'We don't want any tourists in any parks.' As the economic condition of so many countries has worsened, the environment seems to be the first to go. The concept [of a reserve] is challenged when there are hungry people outside its borders."

Bernd von Droste, director of Unesco's ecological sciences division, says his organization now emphasizes biosphere reserves that meld development and conservation. The 283 sites in 72 countries cover 130 million hectares. Many biosphere reserves are also among the 322 cultural and natural sites protected under Unesco's World Heritage Convention.

"In the biosphere reserves, conservation is the outflow of a number of other measures," Mr. Von Droste points out. "We try to bring education, health services. We demonstrate how to develop more rationally the agricultural and forest resources, thus taking pressure from the areas to be preserved."

Tourism is not an economic panacea for a developing country, but it has strong selling points. It is a growth industry that diversifies the economy and brings the market to the producer. However, the market is fickle, turned off by changes in weather, politics and exchange rates, or by the excess popularity of a destination. And developing countries lose a high proportion of tourist

earnings if, in order to prepare the sites, they must buy oil and consumer goods overseas or involve foreign investors.

Nature tourists do not expect, or necessarily want, five-star hotels in the wilds, and they may be less easily discouraged by bad weather or political uncertainties. For a relatively small sum, many reserves can be fitted



Africa's rare baobab tree.

out with lodges in the local housing style, a cuisine relying heavily on available foods, and adequate infrastructure. Because even a modest investment may be difficult for hard-pressed governments to make, however, World Wildlife Fund, Unesco and others have come up with imaginative support.

In Madagascar, the government and Unesco are about to open the first of many planned biosphere reserves. Mr. Von Droste says that Madagascar's case is urgent; the vast island could be completely deforested within a decade, causing the extinction of many thousands of species unique in the world.

Roland Albignac, who heads the Unesco program in Madagascar, says that some 90 percent of the flora and fauna are found nowhere else. Because of the great poverty of the population, it will take development and economic gain in the rural areas to ease the pressure on the environment.

The program will emphasize "tourism of discovery," encompassing local cultures as well as nature, according to Mr. Albignac. Unesco plans to help Madagascar increase its tourists from 20,000 to 100,000 annually within five years. Three sites on the coast would be developed for more traditional tourism while about 50



Madagascar's lemurs, protected through nature tourism.

sites—a sampling of the island's diversity—would serve small groups in natural settings. Under the biosphere reserve program, scientists have discovered a tiny species of lemur previously thought to be extinct. In northeastern Madagascar, a pilot project including agricultural, educational and health care development for the local population of 40,000 has produced a 70 percent reduction in deforestation in 18 months, according to Mr. Albignac.

Costa Rica is among a growing number of countries accepting innovative "debt-for-nature" swaps through which outsiders purchase a portion of the country's foreign debt from the bank at a discount, then redeem it in local currency to be used for conservation. This and other programs have enabled Costa Rica to set aside 11.3 percent of its biologically wealthy land for nature reserves, compared with a world average of 3.3 percent. Tourism, primarily to experience the natural beauty, is Costa Rica's third largest foreign-exchange earner.

Even an ecotourism boom can have serious drawbacks, however. In Nepal, deforestation to provide firewood for trekkers is causing major environmental problems. Kenya's Amboseli National Park has been turned into a near dust bowl by the convoys of tourist vehicles and the crush of elephants seeking refuge from poachers.

On the other hand, fears that tourism to Bali would destroy the local culture have proven unfounded, said Hoesni Thamrin of the Indonesian embassy in Paris. The country is developing its remotest islands for ecotourism, including visits to the island home of Indonesia's remaining three-meter-long Komodo lizards.

In Rwanda, tourism to the Parc des Volcans, home of the mountain gorilla, has become the country's third largest source of foreign exchange while the park protects the gorillas and the watershed that serves agricultural areas.

The Philippines, the first Asian nation to accept a World Wildlife Fund debt-for-nature swap, will use it to develop a park on one of its 7,100 islands and a marine reserve, and to train their management and staff. As with other swaps, the money will be funneled through local conservation groups.

World Wildlife's Ms. Boo says one of the signs she finds most inspiring comes from Ecuador, where more than 32,000 tourists visited the Galapagos Islands in 1986. On its own initiative, a small mainland community has asked for help in protecting and developing a nearby cloud forest.

Barbara Boor



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The image shows the coat of arms of the County of Tyrol. It consists of a shield with a black rampant bear on a white background. The bear is facing left, with its right paw raised and its mouth open, showing its teeth. Above the shield is a crown with three fleurs-de-lis on top.

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# THE TRAVEL INDUSTRY

## Austria's Location Ideal for Central European Hub

Austria is the number one destination for Hungarian tourists, number two for East Germans and increasingly popular among neighboring Czechs.

The nation's tourist authorities have launched a campaign to attract more East European tourists, especially in the off season, and to build up a reservoir of good will for the time when East Europeans have

### Vienna airport to be expanded by 1993

more money to spend abroad. Austria's National Tourist Board has opened an office in Budapest, expanded its presence in Berlin and sent a tourist expert to Prague.

However, the potentially lucrative market may cause Austria some short-term headaches. East European visitors have little currency to spend and usually stay in lower category accommodations. In Vienna, for example, they cannot match the average US\$200 spent daily by Western guests.

According to Egon Smeral, tourist expert at Vienna's Institute of Economic Research, East Europeans are still tied to the "consumption ideology" of the 1960s, in stark contrast to the more modern West Europeans. For example, they still prefer quantity in food to eating more "refined" meals. They come to shop and relax, different habits from the current fashion of "experiencing" and being active when on vacation. Mr. Smeral says that keeping up Austria's infrastructure to accommodate the needs of East European tourists may hamper the country's efforts to cater to higher quality, special group tourism.

In spite of the potential "value gap," several upscale Austrian tourism ventures are targeting visitors from Eastern Europe. One is Casinos Austria, which now runs four casinos in Hungary, three in Poland and two in Czechoslovakia. In 1989 it introduced to Hungary its "six out of 45" lottery, which has drawn AS7 billion (US\$5 million) in annual revenues in Austria, and is negotiating with several East European nations.

All in all, the firm has managed 68 mainland casinos to date and handles operations on 36 ships, with 13 new lines added in 1989. In the 1990s it plans to open new casinos in France, Cairo, Prague, Danzig and in the Caribbean.

Around 35 percent of the 2.2 million visitors to the firm's casinos in Austria, in which it has a monopoly, are now foreigners, led by the Italians and West Germans. Realizing that what is good for Austrian tourism benefits the firm as well, Casinos Austria is also promoting a number of activities aimed at foreign tourists. These include various cultural events and a casino at Vienna's famous Opera Ball. The company also has special "Gourmet Express" trains on special scenic

Due to Austria's location and its historical affinities with Eastern Europe, the nation has profited from a boom in the number of Eastern European tourists enjoying their newly won freedom of travel.

routes through Austria, offering exquisite cuisine and entertainment, including roulette.

Two Austrian cities hope to attract thousands of foreign tourists — including those from Eastern Europe — with a broad range of activities to commemorate the 200th anniversary next year of the death of Austrian composer Wolfgang Amadeus Mozart. Tourist officials hope that "Mozart Year 1991" will underline Austria's image as the predominant music nation of Europe. Salzburg, Mozart's birthplace in

1756, and Vienna, where he died 35 years later, will be hosting special commemorative concerts, theater and opera performances and a Mozart film festival. Starting in November 1990, Vienna will run an 11-month exhibition, "Magical Tunes: Mozart in Vienna." Next year Salzburg will be host to a major exhibition, "Mozart and his Work." The commemorative year will be capped by two performances of Mozart's "Requiem" by the Vienna Philharmonic Orchestra, led by conductor Leonard Bernstein.

Austria's tourist industry has also set its sights on Western Europe's 1.5 million golfers. Promoting "Golf-land Austria," the nation's national tourist board is targeting high-paying foreign golf guests, offering complete golf vacations with instruction and certified exams.

Many towns and ski resorts across the country are plugging golf courses to fill vacancies in the slower summer months. Schladming, host to this year's World Championships in skiing, will soon open a course designed by star Bernhard Langer. Hotels have moved quickly to install computer or indoor golf. A study by the Vienna University of Economics sees golf as a lucrative future market.

In fact, Austria is in the midst of

a golf boom. The number of courses has jumped to a still modest 38, with the number expected to double in the next 10 years. Ten new golf courses were completed in 1989, with a dozen more under construction or expansion. Even the capital of Vienna, which boasts the nation's oldest course, built in 1901, will soon get its second golf course. Despite the increase in the sport's popularity, however, golf has not fully shed its image as a prestige game. Admission to a golf club in Austria still runs as high as US\$10,000.

In line with the Austrian government's goal to make Austria a gateway to Eastern Europe, Vienna Airport is moving to become a hub of Central European air traffic. By 1993 it will complete an AS 3.4 billion investment program, which will provide the airport with two new piers allowing direct entry into airplanes, modern facilities and 50 new check-in counters.

In 1989 passenger traffic grew 10 percent to 5.1 million; it is expected to climb to 7.5 million by 1995 and to 10 million by the year 2000. In recent years KLM, Pan Am, Thai International and Singapore Airlines have started regular service into Vienna. The airport has hired a Hong Kong public relations firm to publicize Vienna in the Far East as a natural stopover point for charter or long-range flights to Europe, pushing stopover packages for business travelers.

The airport's newly constructed World Trade Center Vienna is almost fully leased, although the official opening is scheduled for the spring of this year. The building, designed to emphasize Vienna's importance as an East-West bridgehead, offers an exhibition center, a retail center and offices, including short-term rentals to help companies explore business opportunities in Eastern Europe.

Austrian Airlines, the country's national carrier, recently expanded its flights to Eastern Europe. The company now maintains regular service to all capitals in the region, with the exception of Tirana in Albania. It has the most extensive network in Eastern Europe of any Western airline.

Clifford Stevens



Salzburg, where the 200th anniversary of the death of Mozart (insert) will be celebrated in 1991.

## New, Exotic Destinations for Incentive Travelers

Richard H. Graham, president of the Society of Travel Executives, the segment's most visible organization, has developed

### Incentives not just for sales personnel

a modus operandi for the upcoming decade.

In the 1990s, the dictum will be simple," Mr. Graham said in an interview published in

Incentive travel — used by firms to reward their best-performing salespeople — is growing along with other segments of the travel industry.

Corporate and Incentive Travel, an authoritative industry monthly. He added: "Stay flexible or become a dinosaur."

"No longer will incentive trips be primarily restricted to sales personnel," Mr. Graham predicted. "In fact, there's no reason why 95 percent of a company's employees can't be eligible to compete for some form of incentive travel, compared to the 3-5 percent that are eligible

now." He cited nurses, engineers and production line workers as examples of employee groups that would fall under that umbrella.

"Hopefully, we'll see this expansion really take off in the next year or two," he said, seeing a trend in exotic locales. "Areas like Asia, Australia and even Eastern Europe are becoming increasingly more accessible. Not only are there more flights but, in the

case of Eastern Europe particularly, there's a more marked easing of political tensions which makes these countries much more attractive."

"Behind this trend is the fact that more and more destinations are seeing incentive travel as a market segment they want to pursue," said Mr. Graham, who is also president of the Graham Marketing Group, an incentive travel firm in Eagan, Minnesota. "Tourist

boards have finally come to realize how lucrative a source of revenue this can be to their national economy."

Mr. Graham believes that following the lead of the French government, which recently eliminated some of its complicated visa requirements, other countries will also streamline operations, customs requirements, etc. "If they want to remain competitive."

Within the workings of the travel industry, Mr. Graham is looking for small incentive houses to take a more aggressive stance. He says that approximately 50 percent of incentive trips are arranged by travel agents, 25 percent by incentive houses and the remainder by companies' in-house staffs. In the future, however, the smaller "boutique" incentive travel houses will have the advantage because they can be more responsive to corporate client needs and offer personalized service faster.

Already there are changes in effect in incentive travel. Last summer J.J. Gibbins, former president of the Society of Travel Executives and vice president and director of incentive sales and promotions for the Sheraton Corporation, unveiled what he called "the most sophisticated incentive program in the world because it is the only program that is both domestic and international with seven-day-a-week redeemability." Called Global Awards, it now includes 390 participating Sheraton Hotels, Inns and Resorts in 47 countries.

"This is not a piece of merchandise; it's an incentive," Mr. Gibbins says. "What we're trying to do is present a simple way to include travel in the area of premiums. A way that gives the award-winner an opportunity to use travel but that also gets them excited and motivated. There will always be merchandise programs and there will always be travel. We're just trying to maximize the potential of both, and that's just pure marketing."

There are a number of new incentive programs available. One is the TWA Getaway Incentive Vacations, in which certain companies will be able to purchase vacations for employees at volume discounts of up to 25 percent. The Hyatt Nights program provides weekend awards at a fixed price good at Hyatt Resorts. Holiday Inn Bonns Checks offers individual room certificates in packets of 20 room-nights for use at Holiday Inns and Holiday Inn Crowne Plazas in the U.S., Canada, the Caribbean and Mexico.

Stouffer has its Incentives program, which offers rewards ranging from the company's hotels to its luxury resort properties. Hilton Hotels has begun a new program called Hilton Direct, a special toll-free telephone number for incentive planners to talk directly to account executives about availability and rates of hotel facilities.

The hotels themselves are in a period of expansion. Sheraton opened 14 new properties in the

United States last year in addition to continuing its renovation of the PGA Sheraton Resort in Palm Beach Gardens, Florida, scheduled for completion this spring. Hyatt is adding two major new Hawaiian properties — the Grand Hyatt Wailea Resort and Spa on the island of Maui and the Hyatt Regency on the island of Kauai. Stouffer opened the Stouffer Esmeralda Resort in Indian Wells, California last September. Walt Disney World Swan, operated by Westin Hotels and Resorts, has just opened in Orlando, Florida. Hilton Hotels opened five new properties last year and plans to open five more this year and two in 1991. Four are airport properties — in Atlanta, New Orleans, Phoenix and Richmond. Other sites include Los Angeles, Las Vegas and Reno.

Increased eligibility, international cooperation, more flexibility, new awards and improved facilities are making incentive travel a booming business.

Dwight V. Gast

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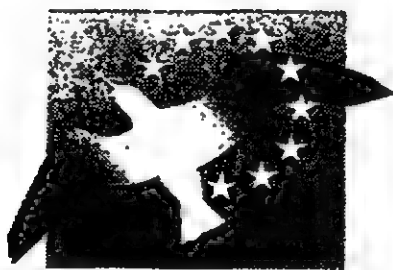
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# THE TRAVEL INDUSTRY

## Closing the Price Gap: Mid-Range Travel Takes Off

"Isn't there anything in between?" the visitors asked plaintively. More and more, the answer is yes. From hotels to cruises to fly-drive packages, the travel industry is responding to the growing mid-range demand.

"I think some operators have come to recognize that there really is a gap in the market — this mid-tier travel sector. You've got a genuine opportunity for people who want something a bit more than a budget and economy roadside hotel but at the same time don't want to pay £60 to £70 a night," says Mick Kellock, a managing consultant with Pannell Kerr Foster Associates, a London firm that offers strategic advice to hotel and leisure companies.

"The people who are aiming to exploit that gap are groups like Holiday Inn, with its Garden Court product, and Patis Hotels, which are due to open a hotel near Glasgow," Mr. Kellock adds. "They are also targeting what we call the 'three-star value for money' segment. In all these cases you are talking about hotels typically charging between £40 and £50 per night."

Christine Davey, a spokeswoman for Commonwealth Hotels International, a Holiday Inn franchisee for its new mid-range Garden Court Holiday Inn hotels, says three Garden Court hotels are already open in Britain, with two more under construction. Holiday Inn has also opened Garden Court hotels in Calais, and others on the continent are scheduled to open this year in Dijon, France; Leuven, Belgium; and Langen, West Germany. Dozens more are planned in the U.K. and throughout Europe in the next few years.

"It's a new brand of three-star hotel aimed at the U.K.-Europe market," Ms. Davey says, noting that the 100-bedroom hotels "fill a very distinctive gap" in the travel market. The tariffs are expected to range from \$40 to \$55 a night — and in many cases that will be the room price, not the per-person price, so they will be especially appealing to families.

"The bedrooms are all of Holiday Inn standard with all the facilities — direct-dial telephone, color tele-

The American couple visiting friends in London did not want to stay in the £14-per-person (\$25) neighborhood bed-and-breakfast with a bathroom down the hall. But neither did they want to spend £76 a night at the local 80-room hotel, part of a big chain aimed at business travelers.

vision, bathroom en suite, hair dryer, trouser press and duvets on the beds," Ms. Davey says. "The only difference is the lack of large conference facilities — there are smaller meeting rooms — and no leisure facilities like swimming pools or saunas, but there is a small weight room. And no room service, though there will be a restaurant and bar of very good standard."

In the United States, many hotels are responding with mid-range prices even if they do not have purpose-built mid-range hotels. Hilton International, for instance, is courting the growing getaway weekend market — another mid-range phenomenon — by lowering Friday and Saturday night room rates in hotels that usually charge weekday business guests much more. Examples: \$59 at the Marquette in Minneapolis, \$80 at the Washington Vista and \$135 at the New York Vista. Again, those are room rates rather than per-person prices, aimed at the baby-boom era parents who make up so much of the increase in the mid-range market.

It is not only hotels that are following Holiday Inn's lead in trying to fill the mid-range gap. Pan Am has begun offering a variety of medium-priced long-haul packages such as last year's popular nine-day trip to the French Bicentennial festivities that included flights to and from Paris, hotels, breakfasts, various sightseeing trips and tours, all for \$1,489.

Within Europe, the increasing popularity of barge and river cruises, such as five nights on the Rhine for \$900 through the KD German Rhine Line, is an example of what the experts see as a trend toward non-traditional destinations in the European mid-range market.

One of the characteristics of mid-range travelers is that they are willing to try new things and new places

if the price is right. An example is the new interest in bypassing traditional luxury "love boat" cruises for voyages in passenger ferries on working freighters.

Susanne Wegerhoff, a spokeswoman for American Express in Frankfurt, says the "marginal price differentials" in the long-haul market are leading many mid-range travelers to try new places instead of returning to traditional destinations such as Spain and Italy.

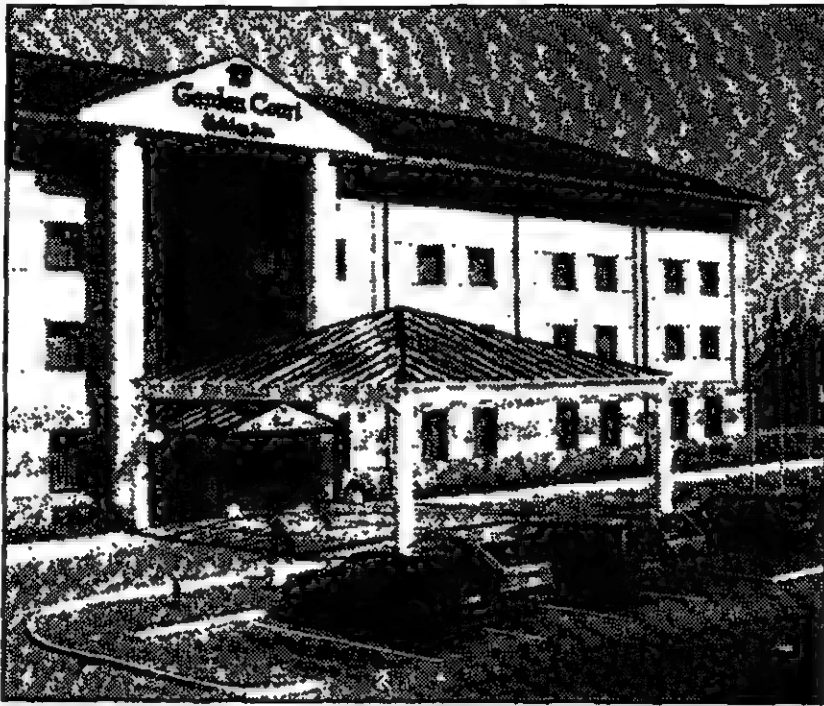
"Instead we're seeing a trend within the mid-range market toward less established destinations such as Istanbul, Budapest, Berlin and Cairo," Ms. Wegerhoff says. "Particularly, Turkey seems to be early on in its life-style as a tourist destination."

Ms. Wegerhoff predicts that Ireland and the Scandinavian countries may be the next places to benefit from the mid-range boom in travel within Europe, especially in the "emerging market for the senior segment, the people 60 and older who don't want to sit on a plane for hours."

Similarly, the mid-range market is also leading to more travel during off seasons, such as the EC-sponsored "EuroVisit" program under which airlines, shipping companies, auto rental agencies and hotels offer a variety of bargains.

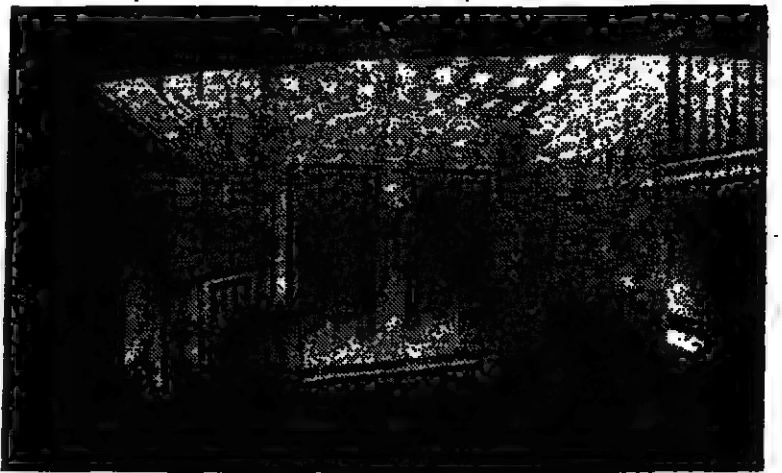
Thomas Cook, the British retail travel agency, is responding to new sophistication among consumers with an £18 million refurbishing of 250 of its 340 outlets. The remodeling will create special lounges, complete with armchairs and potted plants, aimed at the discerning traveler who has outgrown the economy-priced package tour in favor of an individually designed mid-range vacation that balances price with the traveler's personal tastes.

Timothy Harper



The Holiday Inn offers medium-priced Garden Court hotels.

## Tourism Briefs



● In London, executives at the Savoy Hotel say the Savoy Theatre, destroyed by fire in February, will be restored as nearly as possible to its original form. Built in 1881 by Richard D'Oyly Carte and refurbished in 1929, the theater was the home of many Gilbert and Sullivan productions, and its profits led D'Oyly Carte to build his dream hotel, the Savoy, next door.

● Edwardian Hotels, London's largest privately held hotel group, recently opened the five-star Hampshire Hotel on Leicester Square, bought and began refurbishing the Skyway Hotel near Heathrow Airport, and announced the purchase of another mid-London hotel, the Marlborough. The group, formed in 1980, says the changes will increase its capacity by 80 percent, to 1,595 beds. "The reason we are continuing to invest in London hotel properties is simply that we don't see London changing its role as a major world center," says Neil Robinson, Edwardian's sales and marketing director.

● In New York City, 16 new hotels have opened over the past five years, reports Marshall Murdaugh, president of the New York City Convention and Visitors Bureau. Fourteen of the new properties are between 34th and 79th streets in Manhattan's prime real estate zone known as Midtown. Among the most publicized renovations is that of the 807-room Plaza Hotel on Central Park South, being overseen by Ivana Trump, estranged wife of real estate tycoon Donald Trump.

● Korea has developed three key regional incentive and convention destinations in its bid to boost tourism in the wake of the Seoul Olympics and to persuade visitors to travel beyond Seoul. Each of them features hotels with sophisticated conference facilities. On the cultural side, the former imperial capital, Kyongju, 300 kilometers (186.4 miles) southeast of Seoul, combines a wealth of temples, tombs and Buddhist statues of the unifying Shilla dynasty with two major convention hotels, the Chosun and Tokyo, two 18-hole golf courses, an amusement park and 5,940 square meters of conference space and other amenities at the Kyongju Tourism Centre.

● Meanwhile, 16 new hotels, three shopping centers and new resort areas are being developed on Cheju, largest of Korea's 3,000 islands and its main convention and leisure center of the future. Cheju's conference facilities have been boosted by the relatively new Hyatt Regency Cheju, a showplace of the Chungmun beach resort west of Sogwipo, the 522-room Cheju Grand Hotel on the north coast near the island's capital and the Sogwipo KAL Hotel.

## East Meets West in Worldwide Airline Linkups

As a first step, the Australian carrier Qantas and Hong Kong-based Cathay Pacific have both launched code-sharing schemes with American Airlines in which the Asia-Pacific airlines tap into the rich U.S. domestic market and American gains access to a rapidly growing region that is not exactly rushing to welcome new U.S. competition.

At the moment, these are purely

Major Asia-Pacific and Western airlines are currently choosing partners for global marketing and operational pacts that could eventually lead to an industry dominated by a dozen or less mega-carriers.

marketing alliances, described by Charles McKee, aviation analyst with Avmark Asia Ltd in Hong Kong, as "a system by which small-

er airlines can identify with a larger carrier and gain access to a bigger market."

Mr. McKee adds: "They are alli-

ances that can be broken if one side doesn't get what it wants from the other. Or, in the Cathay-American deal, if the U.S. partner wants to muscle directly in on Cathay's Hong Kong base. If that happened, Cathay would back-pedal very smartly to avoid being crushed."

Mr. McKee cites other reasons for code-sharing agreements, mainly an effective hedge against compe-

dition and takeover threats. And he points to a regional and global aviation courtship that is beginning to become as avid and complex as a dance of fireflies on a summer night.

Cathay Pacific's joint-services strategy has teamed it up with Lufthansa on the Hong Kong-Frankfurt route, Garuda on the lucrative service between Hong Kong and Denpasar (Bali), and with Air Mauritius and Air New Zealand. Thai International, a code-sharing pioneer, has had a joint marketing agreement for the past 10 years with Scandinavian Airlines (SAS). Japan Airlines and Delta have a similar agreement promoting each other's services. In another, more complicated tie-up, Singapore Airlines has established a cooperative agreement with Swissair, which is closely linked with SAS, which in turn owns 25 percent of Airlines of Britain.

And there are other prospective alliances that have not yet progressed beyond the courtship stage but nonetheless should be closely watched. Garuda gets a great deal of technical assistance from KLM. Tiny Air Nugini has also had a lot of KLM help in the past. Air Micro-nesia, poised for a coming boom in Pacific island travel, uses Continental Airlines equipment; at the moment it has only three aircraft of its own.

Korean Air, which plans to have a global network of its own by the end of this decade, and Malaysian Air are the only Asia-Pacific airlines that appear to be going it alone at this time. But in the case of the Koreans, Mr. McKee suggests a possible flutter with Northwest Airlines or American Airlines in the future. Northwest is looking at the possibility of building an operating hub in Seoul, he says, and American may be casting an eye there too after being shut out of Tokyo.

While code-sharing and co-promotional agreements are generally seen as strengthening the commercial aviation industry, giving smaller partners the benefit of wider business and expertise, they are not altogether welcome in some quarters. United Airlines, targeting the Asia-Pacific region for key expansion of its services, is not happy about the Cathay Pacific-American deal. United claims the alliance is a deception, taking its cue from legislation now before Congress aimed at banning code-sharing on the grounds of misrepresentation.

As Mr. McKee explains: "Misrepresentation is being defined in terms of a U.S. passenger booking to Hong Kong on American Airlines, then changing planes at San Francisco and realizing it's not

American at all — it's Cathay Pacific. Of course, in the case of Cathay or any other leading Asian carrier, it can be a pleasant surprise. But if one partner's service is inferior to the other's, there'll certainly be passenger discontent."

Another worry about code-sharing is the groundwork it could be laying for future mega-alliances and the power they will have to restrict competition and control fares. The next step up from code-sharing is direct equity, and Mr. McKee pinpoints three moves that portend more formal global linkups in the future.

In the Singapore Airlines-Swissair deal, both partners have agreed on an equity swap within one year. Down in the Pacific, the rescue of Air New Zealand has involved a three-way investment by Qantas, American Airlines and JAL. The Japanese carrier's bigger rival, All Nippon Airways (ANA) has bought into Austrian Airlines to expand its services into Europe.

Cathay Pacific has bought 25 percent of the fledgling Hong Kong-based regional airline, Dragonair, in a move that will give it access to a network of secondary cities in Asia and a hedge against China's takeover of Hong Kong in 1997: its key partner in the deal is Beijing's international investment corporation CITIC. Meanwhile, a great deal of industry speculation centers on where Cathay would be looking in the unlikely event that it had to move from Hong Kong in 1997, and one possible scenario that is being raised is investment in Philippine Airlines to secure a new operating base.

Although the prospect of multi-mega control of the airline industry is currently a European rather than Asian phenomenon, with three mega-carriers shaping up from a flurry of mergers and alliances in Europe, The Avmark Aviation Economist has been touting its own projection of an East-West linkup of the future. It marries Singapore Airlines with American Airlines and KLM to form Royal Ameripore Airlines, spanning the Asia-Pacific region, Europe and North, Central and South America.

Although it is just a vision of things to come, opinion in the industry is that global giants like Ameripore could be a reality by the turn of the century, with around 10 multimega carriers dominating air travel.

They would bring definite benefits to the industry — rationalization, increased efficiency and seamless round-the-world services. But as Mr. McKee warns, the downside would probably be reduced competition and increased fares.

Derek Maitland

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# THE TRAVEL INDUSTRY

## Ten Million Program Is Sending the Japanese Abroad

Its guidelines state: "The promotion of overseas travel by Japanese people will be effective not only in the development of mutual understanding and a sense of international citizenship, but also in contributing to the growth of the economies of other countries and solving the imbalance of international payments between Japan and other countries."

The six-part outline in the proposal called for a campaign to promote overseas travel by the Japanese, the improvement of foreign conditions to receive Japanese tourists, incentives to promote overseas travel, the development and expansion of international air transport to and from Japan, the promotion of overseas travel by cruise ships and the establishment of an overseas travel promotion forum.

A report released by the Japanese government last year stated that the number of Japanese who went abroad in 1988 reached 8.43 million, setting a record for the seventh consecutive year. The total represented an increase of 1.6 million, or 23 percent, over the previous year's total of 6.83 million. Coinciding

with the dramatic increase, in October 1988 the United Nations Economic and Social Commission for Asia and the Pacific held a major seminar to give information to developing countries on how to tap the Japanese outbound market, and last month the Japan Association of Travel Agents' Seventh Japan Congress of International Travel met in Tokyo to discuss the theme "Markets Unlimited: Finding the Key."

According to Tak Kitamura, general manager of the New York office of the Japan Travel Bureau, the largest travel agency in the world with more than 400 offices around the globe and more than 10,000 employees, one of the newest markets at the moment is the Eastern United States. He attributes the rapid growth to the addition of a number of direct flights to the area from Tokyo over the past two years, when Nippon Airways began a route to Washington, D.C., Delta started service to Atlanta, Northwest began flights to Detroit and

From the look of it, Japan's Ten Million Program — devised by the Ministry of Transport in September 1987 to increase the number of Japanese traveling abroad from 5.52 in 1986 to 10 million by 1991, and to help reduce Japan's substantial trade surplus — is already meeting with success.

American initiated traffic to Dallas, Japan Air Lines, Northwest and United already had flights to New York.

In addition to new services, Mr. Kitamura sees new trends in Japanese travel. "There is a tendency to increased individual travel, especially among young people," he says. "The majority of travelers still come in groups to take advantage of low airfare, but once they get here they become more individualistic, going off on their own." Mr. Kitamura says the old image of the Japanese tourist loading up on Gucci products is changing. "They still

prefer brand names," he says, "but nowadays they can buy anything they want in Tokyo."

Duty-free items are still coveted, however, especially in Hawaii, which, with some 1.4 million Japanese visitors last year, was the major U.S. destination. Masao Hayashi, general manager of the JTB Honolulu office, says that the Japanese probably spend most of their money in Hawaii on shopping. "Liquor is the number-one item," he says. Though he believes that pattern was in effect before the beginning of the Ten Million Program, he has noted a change in the kinds of tourists

going to Hawaii. "It used to be that the majority of Japanese travelers were honeymooners," he says, "but we are now seeing more students, young single office workers, and senior citizens."

Shopping is also high on the agenda in Paris, according to Mikio Aoki, general manager of the JTB Paris office. "Practically all of the Japanese tourists who visit Europe come to Paris," he says. "Of the approximately 800,000 who came here last year, only about 100,000 went on to other cities. They prefer brand names like Hermès and Louis Vuitton."

Another popular pastime, Mr. Aoki says, is dining. "They think nothing of spending a lot of money at the original Tour d'Argent," he says, "when they know they will spend three or four times as much at Tour d'Argent in Tokyo." Like his colleagues in other destinations, Mr. Aoki has noticed an increase in individual travelers.

The biggest change in Pacific travel has been to Australia, where the 352,000 Japanese visitors in 1988 represented an increase of 63.4 percent. Akira Nagamatsu of Japan Travel Bureau Australia Ltd., a Sydney-based subsidiary of JTB, attributes much of this increase to the Bicentennial celebrations in Australia, though he predicts that "the Japanese presence will remain strong."

Mr. Nagamatsu says that, like Hawaii, Australia is traditionally a destination for honeymooners, who go in groups. "Though that is changing," he says. "We are seeing more students visiting families in the rural areas, single women attracted to the beaches and families traveling to see the scenery."

Time will tell whether the Ten Million Program will attain its goals of "mutual understanding" and "solving the balance of international payments." But government studies now indicate that the magic number of 10 million Japanese traveling abroad will be met in 1990 instead of the target 1991.

D.V.G.

## Tourism Briefs



• The Hôtel Royal Monceau is continuing its program of expansion in Paris. Early last year the Royal Monceau Group acquired the Hotel Vernet at 25 rue de Vernet near Etoile. Nine months later the 57-room, traditional-style hotel reopened after a complete renovation, including the addition of an Art Deco-style restaurant called Les Elysees. Meanwhile, the group's original property, the 220-room Hôtel Royal Monceau at 37 avenue Hoche, also near Etoile, has received a gastronomic star of its own and is awaiting its industry equivalent.

• The Beverly Rodeo hotel was sold February 15 to the Shinko Engineering Company of Osaka, Japan, for an undisclosed figure. Built in 1961, the 87-room hotel has had a succession of owners, including Hyatt. In 1973 it was purchased by Max Baril, who sold it to the Japanese firm. Its location at 360 North Rodeo Drive is described by General Manager Gerald F. Vadnais as "one of the finest in the world." It is in the so-called Golden Triangle — the high-rent area in the downtown section of the affluent town of Beverly Hills.

• Following the sale of the Beverly Rodeo hotel by Max Baril, it was announced that the Colette restaurant at his remaining property, the Beverly Pavilion hotel, will undergo a complete renovation. "Our clientele is very regular," Mr. Baril says. "Many consider the Beverly Pavilion their home away from home."

• Twenty-five million foreigners visited Hungary in 1989, surpassing the original projections made by tourist authorities for the year 2000. According to Jozsef Czeglédi, Hungary's top tourist official based in Vienna, the nation hopes to triple its annual US\$1.6 billion in tourist revenues by the end of the decade.

• With Thailand, Malaysia and Singapore all aggressively promoting their cultural and physical charms, Singapore has

launched a US\$500 million development program to show, in the words of its Tourist Promotion Board (STPD), that this will be not "just another clinical, modern business city." More than US\$15 million is being spent on an increasingly crucial campaign to put the "heart" back into a city whose massive development program of recent years almost wiped out its multicultural soul — the architecture and visual color of its Chinese, Indian and Malay populations.

• The European Commission has said it wants to take over responsibility from the European Community's 12 member governments for negotiating air transport agreements with non-Community countries, giving their airlines the right to fly EC routes. EC Transport Commissioner Karel Van Miert said the plan, which must be approved by EC transport ministers, was consistent with efforts to try to create a single European air transport market by 1993. Mr. Van Miert's proposals follow moves agreed on by ministers in December to severely restrict EC governments' powers to set air fares and restrict capacity. It will also allow EC airlines to pick up and drop off passengers anywhere in the Community.

The Commission wants to take over negotiations as current individual agreements, of which there are more than 600, come up for renewal. Mr. Van Miert warned that U.S. airlines could only expect increased rights to pick up passengers in Europe if EC airlines were given equal treatment in the United States. Today, U.S. airlines can pick up passengers at any of 18 points within the Community, while EC companies only have the right to do so at one stop on flights between the United States and Puerto Rico. The United States also imposes tight restrictions on which airports European carriers can use. American airlines are free to use almost all EC airports.

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# THE TRAVEL INDUSTRY

## International Air Travel: 1990s Outlook

The increasing globalization of airlines in the 1990s should result in more efficient, competitive airline operations, but the rise in passenger traffic may exacerbate congestion problems. Following are some predictions.

Airline managers are looking ahead to the '90s with great expectations for growth, profits and new freedom to operate in liberalizing world markets.

They are already restructuring their businesses in anticipation of increased global competition, industry consolidation and computerization. But they are justifiably apprehensive about increasing congestion of the world's airports and airways, which will constrain operations and seriously reduce customer satisfaction.

The expanding world economy has been a major contributing factor to strong airline traffic and financial performance in the recent past. Providing there is no recession and fuel prices are kept in check, these patterns are expected to continue, with worldwide traffic growth of some 7 percent per year forecast over the next decade.

Asia and the Pacific will remain the outstanding market, with double-digit growth anticipated and with some markets — like Japan, Korea and Taiwan — expanding at closer to 20 percent per annum. European traffic, with the stimulus of the 1992 market and the promise of glasnost in the East, will grow at a healthy 7 to 8 percent. Long-haul European travel is expected to rise at closer to 11 percent, due partly to stronger leisure demand, while short-haul, in contrast, will grow at levels of 3 to 4 percent due to increasingly effective high-speed rail competition.

Airlines are expected to increase profitability, with competition and reduced government ownership providing a stimulus for tight cost control, better productivity, carefully targeted marketing, and differential pricing. But the competitive climate will produce win-

ners and losers, as is the case in the United States, where four airlines — American, United, USAIR and Delta — accounted for 90 percent of the profits last year.

The most successful international airlines will keep a tight check on controllable costs in the face of inevitable increases in charges for fuel, infrastructure improvement, security and other improvements. They will maximize returns with real-time inventory and yield management by computer, and with loyalty schemes aimed at the business traveler. They will dominate one or two major hubs, control traffic through alliances or feeder networks and automate distribution through SuperComputer Reservation Systems (SuperCRS).

These SuperCRS with data bases incorporating hundreds of airline schedules and fares, thousands of rental cars and millions of hotel rooms will become the principal distribution medium. They will give instant electronic access to markets, allow adjustment to prices to meet rapidly changing competitive conditions, and in the process contribute substantially to the earnings of their airline owners. Eventually they will expand into even more profitable non-travel information devices.

By linking up with credit cards containing "smart" chips, they will become a tool for paperless passenger processing, from check-in through border controls and onto the aircraft itself. This technology offers significant cost savings and possibilities for much faster airport throughput.

Airlines will rely on new, more efficient aircraft, particularly ultra-long-range widebodies of the B747-400 or MD11 variety and mid-sized twin-engine jets, such as the B757. There will be a growing market for more comfortable regional aircraft in the 50- to 100-seat range. Some 5,500 new aircraft are needed in the coming decade as a result of noise rules and phase-out of older aircraft types. One in three will be leased from the giant financing groups GFA in Ireland or ILFC in the United States, who have become major aircraft owners in recent years.

Deregulation, under many different names, will spread through international markets, with the 1992 European "liberalization" dominant. The same patterns of easier market entry, no capacity quotas, market-based pricing and increased application of competi-

tion laws will be found in Canada, Australia, Japan and other countries.

In this increasingly competitive climate, the industry restructuring that is already under way will continue apace. Some 30 international airlines, in all parts of the world, are in the process of privatization, driven by the twin forces of management seeking greater flexibility and government looking for less responsibility — particularly when it comes to the massive financing costs for new aircraft.

The trend toward industry consolidation is obvious. Airlines are beginning to behave like other businesses — making marketing deals, trading shares and forming strategic alliances. Their goal is to gain strength to protect home markets and to obtain the economies of scale and scope to penetrate global markets more effectively. A number of powerful global alliances have already begun to form. SAS is spearheading a grouping of six carriers in Europe, Asia and the United States, with seamless service as its hallmark. Singapore Airlines, Swissair and Delta have forged links based on their well-known quality standards.

British Airways and KLM are linked in a joint-venture subsidiary with Sabena, Lufthansa, Air France and Iberia are forming a huge Europe-based group, with tight control of local markets and equity links between the East and West German flag carriers. Eastern European airlines are all in the market for joint ventures, and there seems to be no shortage of partners.

By the middle of the decade, cross-border alliances will evolve into mergers, giving rise to multinational airlines. Air New Zealand has already broken new ground with substantial equity shares held by Qantas, American Airlines and Japan Airlines.

Airport congestion will remain a crucial issue, however. There will be twice as many people flying by the year 2000. This will include more senior citizens due to earlier retirement ages; more first-time, younger fliers; and more disabled passengers. It is probable that today's chronically crowded airports will become even more intolerable — despite the best efforts of airport and airline officials to expand the system.

Ironically, today's more serious problem of airspace congestion will find relief in the coming years through a combination of satellite-based navigation technologies, better coordination of air-traffic-control systems, improved organization, including some degree of privatization, and the political will to apply broad global strategies to air navigation. Not so with airports. The passenger growth and tighter security measures alone present serious handling problems at the majority of international terminals. There are runway shortages at the most heavily used hubs. Constraints on airport expansion and the mounting "Green" constituency will compound the difficulties.

Congestion can defeat the goals of liberalization, hamper the growth of the industry and make travel a burden. The greatest single challenge facing aviation policymakers is to devise schemes for airport expansion that are environmentally and politically acceptable — and to implement them quickly.

Geoffrey Lipman and Stephen Wheatcroft

The above article was drawn from the authors' study, "European Liberalization and World Air Transport — A Transnational Future."

### This is the sound of silence.



In an age in which international air traffic is expanding faster than most other branches of industry, Lufthansa is making its contribution to the environment. After all, it is something that affects us all and we want to do our bit towards making the world a pleasant place to live in tomorrow,

too. The outward sign of this commitment is our investment in new aircraft, such as the Boeing 747-400 and the latest Airbus generation, which are not only quieter and more economical but also produce far fewer emissions. At first glance, an investment of DM 11 billion for new aircraft may seem rather high. How-

ever, as one of the world's leading airlines, we consider it our duty not only to fly you quickly and comfortably all over the world but also to do so with the minimum of noise and environmental disturbance. State-of-the-art technology makes this possible. It's something we owe you.



**Lufthansa**

الخطوط الألمانية

## Tourism Briefs



• Manhattan's Central Park, the 840-acre masterpiece of American landscape planning in the center of New York City that is larger than the country of Monaco, is undergoing extensive renovation. One of its earliest successes recently was bringing in a gondola from Venice in 1987.

• William Cullen Bryant, the poet and newspaper editor who spawned the idea for Central Park, has a New York City Park named after him. Located behind the New York Public Library on the Avenue of the Americas between 40th and 42nd streets, Bryant Park will reopen late this year after an extensive renovation of its own.

• Maritim Hotels, based in West Germany, began business in 1967 when a group of architects, engineers and a hotel management company came together to meet a need they foresaw for the German market: hotels offering all vacation and congress facilities, with

some 300 to 500 beds. To avoid facelessness, each of the hotel's personalities would reflect the character of the area in which it was located. A main pillar of the group's business remains conferences and meetings. Maritim's hotels offer suitable facilities for everything from intensive negotiations to congress centers seating up to 3,000.

• In West London, Earls Court — the second-leading British exhibition venue behind Birmingham's National Exhibition Center — is being expanded through Earls Court 2. By early next year, the adjacent facility will add 17,000 square yards (14,214 square meters) of exhibition space to the existing 42,000 square yards.

• In Birmingham, plans were recently announced to begin an expansion program that will add 75,000 square yards to the National Exhibition Centre's existing 125,000 square yards of exhibition space.

Barbara Borst is a freelance journalist who has lived and worked in Africa.

Dwight V. Gast is a writer who lives in New York when he is not traveling.

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Clifford Stevens is a business journalist based in Vienna.

Ellen Wallace is a financial and business writer based in Switzerland.

## CURRENCY RATES

Currency	Unit	Rate
Australian Dollar	A\$100	1.48
Canadian Dollar	C\$100	1.32
Deutsche Mark	DM100	1.75
French Franc	FF100	6.55
Japanese Yen	¥100	163.60
Swiss Franc	Sfr100	1.75
British Pound	£100	1.63
Italian Lira	L100	2036.27
Spanish Peseta	P100	166.64
Portuguese Escudo	E100	200.48
Belgian Franc	Bfr100	6.55
Dutch Guilder	ƒ100	3.76
Scandinavian Krona	Kr100	136.46
Israeli Sheqel	₪100	3.48
South African Rand	R100	1.77
South Korean Won	₩100	166.90
Thai Baht	฿100	5.94
Indonesian Rupiah	Rp100	1,548.00
Singapore Dollar	S\$100	1.36
Malaysian Ringgit	RM100	2.34
Philippine Peso	P100	48.68
Chinese Yuan	Y100	6.46
Indian Rupee	₹100	47.54
Pakistani Rupee	₹100	10.00
Thai Baht	฿100	5.94
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WALL STREET WATCH

Fewer Dividend Boosts Indicate Recession Fears

By Floyd Norris  
New York Times Staff Writer

NEW YORK — The economy may not be in a recession but more and more companies are acting like they think it may enter one. They are forgoing dividend increases that might have been made in other years. Last month, the number of companies raising dividends fell by more than 25 percent from the previous February, Standard & Poor's Corp. reported Thursday.

The report said 149 companies had increased their payouts in the month, compared with 200 a year earlier. Not since 1971 have there been fewer February increases.

"It surprised me," said Arnold Kaufman, the editor of S&P's Outlook newsletter, which compiles the figures. "I did not think it would be off that much. I was looking for a relatively small decline in the number of increases this year, with a pick-up in the later part of the year."

There are seasonal patterns to dividend increases, as company boards hold regularly scheduled meetings to decide whether to change dividends. February has traditionally been one of the best months for increases, in large part because most companies have figured out their annual profits for the previous year by then. In the last three years, more companies increased their payouts in February than in any other month.

The weakness in dividend increases began to appear last summer, before most analysts saw the downturn in corporate profits. In eight of the last nine months, the number of companies raising their payouts was lower than in the comparable month in the preceding year.

The decline in dividend increases has not been matched by a sharp rise in the number of companies lowering their dividends, something most corporate boards hate to do.

But there has been a large increase in the number of companies eliminating their payouts entirely. For the last several months, that figure has been running almost as high as in 1986, when the economy slowed and almost went into a recession.

Mr. Kaufman of S&P said the sharp falloff in dividend increases might be a signal that companies were worried that their business would get worse.

ONE OF THE OLDEST policies on Wall Street, seldom stated but normally followed, is "Sell them what they want to buy."

Responding to demand this year, the investment banks that create products have offered Americans ways to bet that European stocks will rise and that Japanese issues will fall.

There is still no new product to allow buyers to be bullish on Japan, but Salomon Inc. said Thursday that it would offer one to enable investors to bet on British stocks.

The new products, among the few bright spots for underwriters in 1990, have fallen into two groups. For those bullish on Europe, as well as many other countries, there have been country funds, closed-end mutual funds that buy stocks in the specified market. They have often traded at levels far above the values of the stocks they own, to the amazement of many. That particular craze seems to be waning.

This week's new German fund, the Future Germany Fund, slipped \$1.125 a share Thursday, to \$18.125. That is still above the original offering price of \$18 but not by nearly as much as expected.

The new Japanese products have consisted of four series of put warrants, sold in January and February. Details vary, but put warrants enable investors to bet that the Japanese stock market will be lower in three years than it is when the securities are issued. They have been popular and, with the recent slump in Japan, good performers.

The Salomon issue offers similar warrants on The Financial Times-Stock Exchange index of 100 leading British stocks.

CURRENCY RATES

Cross Rates	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Other Dollar Values	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Forward Rates	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Interest Rates	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Eurocurrency Deposits	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Key Money Rates	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Asian Dollar Deposits	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

U.S. Money Market Funds	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

GOLD	March 2
American dollar	1.0000
British pound	1.6410
French franc	6.5596
German mark	1.3636
Italian lira	2.3636
Japanese yen	163.89
Swiss franc	1.4835
Spanish peseta	166.64
U.S. dollar	1.0000
U.S. dollar	1.0000

Quota-Busting Stirs New OPEC Feud

LONDON — The Organization of Petroleum Exporting Countries failed to cut output in February despite weaker prices, industry sources said Friday, with quota-busting by some members again threatening scrutiny in the cartel.

A survey of February wellhead output by members of OPEC showed an estimate of 23.1 million barrels per day. That compared with a revised 23.03 million for January.

While down from an eight-year peak of 24 million touched in December, market analysts say more cuts may be needed by the 13 exporters to stop a temporary erosion of crude prices.

The survey showed some changes to individual output levels and continued quota violations, which industry executives said will create tension when oil ministers meet in Vienna on March 16 at a session of OPEC's Market Monitoring Committee.

Saudi Arabia, the biggest exporter, shaved output to 3.53 million barrels per day, including a neutral zone shared with Kuwait.

Since it is apparently putting some oil into Caribbean tanker storage — not counted in its quota — it is probably now close to its mandatory quota of 5.34 million.

But Kuwait at 1.9 million and the United Arab Emirates at 2.05 million remained well above assigned levels.

Nigeria also took advantage of strong Atlantic Basin demand for its "sweet" low-sulfur and gas-line-rich crudes to put a little extra on the market, going about 150,000 barrels per day above quota.

By contrast, Iran was struggling to sell its less-prized heavy "sour" grades and was possibly 400,000 barrels per day below quota.

Various sources estimated that Iraq, another exporter of "sour" crudes, was also slightly below quota. Both Iraq and Iran may argue that they would be doing better and might expect slightly higher prices if Kuwait, which is also a "sour" producer, was not selling so much.

But the Kuwait oil minister, Sheikh Ali al-Khalifa al-Sabah said he is not bound to curb output so long as average prices exceeded a declared OPEC target of \$18 per barrel.

Kuwait's implied readiness to keep the rules if prices weaken may soon be tested since the average has now declined to near the \$18 mark, a drop of some \$2 from January when icy North American winter weather drove up fuel demand.

Many analysts think there will be a further fall.

Japan Records First Deficit in Trade in 6 Years

Compiled by Our Staff From Dispatches  
TOKYO — Japan's current account dropped into deficit in January for the first time in six years, but economists said Friday that the shortfall was unlikely to continue for long.

The current account, the broadest measure of trade in goods and services, was \$636 million in deficit after a \$2.51 billion surplus a year earlier, the Finance Ministry reported on Friday. It also compared with a \$3.52 billion surplus in December.

The last time Japan reported a deficit, of \$562 million, was Jan. 1984.

Japan's trade balance also shrank sharply to \$1.07 billion from \$6.30 billion in December and \$4.87 billion in January 1989, the ministry said.

"Improvement of the trade balance accelerated at a faster pace than expected and it is important to maintain this trend," said a spokesman for the ministry.

The ministry report came on the eve of a meeting between Japan's prime minister, Toshiki Kaifu, and President George Bush, who will likely discuss rising U.S. frustration over its trade deficit with Japan.

Analysts cautioned that Friday's figures were preliminary. "The drop was largely due to seasonal factors," said Nobuyuki Sugi, senior economist at Nikko Securities Research Center. "It's nothing to get excited about."

The seasonally adjusted figure for January was in surplus by some \$3 billion, economists noted.

However, they said that factors involved in the trade surplus's decline, such as the initial depressing effects of a weaker yen on trade, higher oil prices and slowing auto exports, will continue at least for the first quarter of 1990.

Friday's figures were also helped by a deficit in long-term capital flows, which were in the red by \$2.87 billion after a surplus of \$3.39 billion in December, 1989.

Mr. Sugi attributed the drop to sell-off in January of foreign bonds by Japanese investors.

Exports, meanwhile, fell to \$18.16 billion from \$23.99 billion in December, but were little down from \$19.03 billion a year earlier.

"Exports will continue to decline as a result of overseas transfers by Japanese companies," said Sumio Kato, a senior economist at Goldman Sachs International.

"The rate at which Japanese exports will slow from now depends largely on the U.S. economy," said Yoshihiro Furukane, an economist at the Yamaguchi Securities Research Institute. "But I expect it to continue its decline during the first half of 1990."

Imports were little changed at \$17.09 billion from December's \$17.69 billion, but were up from \$14.15 billion a year earlier.

(Reuters, UPI, AP, AFI)

EC Boost For Steel From East

Quota Increase Causes Protests

BRUSSELS — The European Community has agreed to a 15 percent increase in steel import quotas from Eastern European countries to try to help their ailing economies, despite protests from its own producers.

The agreement reached by officials of the 12 EC states covers quotas first negotiated in 1977 for Poland, Czechoslovakia, Hungary, Romania, Bulgaria and also Brazil. It will be ratified by EC foreign ministers at a meeting on Monday.

The figure was below the 18 percent hike initially proposed by the EC Commission but much higher than that favored by some members, including France and Italy.

Quotas for Venezuela and South Korea, which only sold small quantities to the Community last year, will be scrapped.

Diplomats said the agreement was a victory for those who argued that supporting the economic and political changes in Eastern Europe was more important than protecting one of the EC's most politically sensitive industries.

"We are certainly very disappointed," said an official from the EC steel industry's organization Eurofer.

Crime in the New Corporate Culture Can Mean an Executive Goes to Jail

By Sandra Sugawara  
Washington Post Staff Writer

WASHINGTON — The indictment earlier this week of Exxon Corp. on charges stemming from the Exxon Valdez oil spill and Northrop Corp.'s guilty plea to 34 criminal fraud charges are the latest in a string of criminal prosecutions against some of the best known companies in the United States.

Corporate executives, attorneys and government officials all say that criminal indictments are being used increasingly for white collar transgressions that previously might have gone undetected or treated as civil or administrative issues.

It is a legal approach that grew steadily during the 1980s against alleged abuses in areas as diverse as government contracting, the environment and high finance.

"For years, procurement fraud was handled by guys in green eye shades," said Robert Bennett, a defense attorney. "Now it is being handled by police with a night stick."

Ira Reiner, the Los Angeles district attorney, who has a reputation as an aggressive prosecutor of corporate crime, puts the issue differently: "A fine, no matter how substantial, is simply a cost of doing business for a corporation. But a jail term for executives is different. What we are trying to do is to change the corporate culture."

Whatever the perspective, as the attorney Roger C. Spaeder has noted, "there is no question that activities that years ago were subject only to regulatory enforcement through administrative channels

Procurement fraud was handled by guys in green eye shades. Now it is being handled by police with a night stick."

have now become common fare for the criminal justice system."

Derek J. Vander Schaaf, deputy inspector general of the Defense Department, noted that during the past seven years, 20 of the 100 largest defense contractors have been convicted in 24 cases. That contrasts with the four decades before 1983, when not a single major defense contractor was convicted of any procurement violations.

The Justice Department reported recently that it had indicted 101 corporations and individuals and entered 107 pleas and convictions for environmental crimes in fiscal 1989, more than double the 40 indictments and 37 pleas and convictions in fiscal 1985. Cases last year included those against Ashland Oil Inc., Procter Industries Inc., Orono Sperry Cranberries Inc. and Texaco Inc.

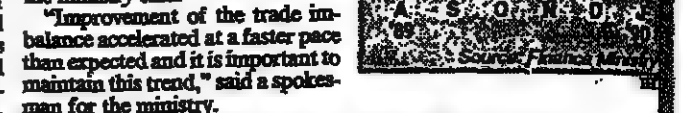
Also in recent years, Wall Street has produced a number of high profile criminal cases, involving Michael R. Milken, Paul A. Blazer and Princeton-Newport Partners.

The federal investigation of procurement fraud, called Operation Ill Wind, has resulted in about 35 convictions so far.

In addition:

- General Electric Co. and two employees were recently convicted on charges of bilking the government of \$10 million for a battlefield computer system.
- Boeing Co. pleaded guilty in November to illegally obtaining two secret Pentagon documents, and in January a former Boeing

Into Deficit



See CRIME, Page 21

Index Points to Slow U.S. Growth

Compiled by Our Staff From Dispatches  
WASHINGTON — The index of leading indicators, the U.S. government's main barometer of future economic trends, was unchanged in January after rising a revised 0.6 percent in December, the Commerce Department said Friday.

The data were a further indication that the economy's current sluggishness will extend into mid-year. The flat performance was weaker than expected by economists, who had forecast a 0.3 percent rise in the index.

Three of the 11 components in the index contributed to the gain, led by a sharp increase in building permits during the warmest January on record. Others showing strength were slower business delivery times and an increase in the backlog of manufacturers' unfilled orders.

The biggest drag on the index in January was a decline in orders for consumer goods. Other negatives were a drop in the money supply, a decline in plant and equipment orders, lower stock prices, a decrease in the price of raw materials, a drop in an index measuring consumer confidence and an increase in weekly unemployment claims.

One indicator, the length of the average work week, was unchanged.

The department originally said the index, designed to reveal the direction of the economy in six to nine months, had risen 0.8 percent in December but revised that down.

Despite the general sluggishness shown by the index, recent surveys indicate that business executives and economists generally believe the Federal Reserve — U.S. central bank — is driving the economy down the right road, steering it away from a recession while braking the growth of inflation.

Seventy-two percent of the professional forecasters responding to a poll by the National Association of Business Economists said the central bank was on the right track.

And 56 percent of the business leaders participating in a survey by the National Association of Manufacturers said Fed policies are "just about right."

But most of the business leaders, and economists surveyed, projected continued sluggish growth in 1990 as the Fed keeps interest rates relatively high to slow the economy and keep prices under control.

The Fed chairman Alan Greenspan told Congress this week that the economy would avoid a recession, although it would grow only at a modest annual rate of 1.75 percent to 2 percent this year.

But he added: "Whenever you have economic growth as low as this, you are vulnerable."

Mr. Greenspan was referring to the latest report on the gross national product, released Wednesday, that showed the U.S. economy slowed in the fourth quarter of 1989 to a 0.9 percent growth rate, down from 3 percent in the third quarter.

On the other hand, a minority of economists believe the economy is about to move into negative territory — it is not already there.

Paul Gorman, an economist with Regional Financial Association in West Chester, Pennsylvania, said the economic slowdown has not passed and "we may be just in the middle of it." He said "the question is whether the weakness in manufacturing will spread to other sectors of the economy."

(Reuters, AP)

Report Suggests Dividing NTT into 3 Different Units

The Associated Press  
TOKYO — A government advisory council called Friday for the Nippon Telegraph & Telephone Co., Japan's telecommunications giant, to be divided into three separate companies within five years.

Concluding a two-year study, the Telecommunications Council said the company should be divided into local, long-distance and mobile telecommunications services firms.

The council, appointed by the Post and Telecommunications Ministry, said NTT's monopoly on telephone service has hindered free competition and hurt efficient management.

The cabinet must make a final decision by the end of March. NTT said it will try to prevent the government from breaking up the company, which officially became a private corporation in 1986.

The NTT chairman Haruo Yamaguchi quickly rejected the proposal, saying "No other countries are dividing their telecommunications network into three parts."

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SEC Pursues Investigation Of Bonuses Paid by Drexel

New York Times Service  
WASHINGTON — The Securities and Exchange Commission launched an investigation immediately upon learning that Drexel Burnham Lambert Group Inc. paid hundreds of millions of dollars in bonuses to executives as the securities firm lurched toward bankruptcy, the SEC's chairman, Richard C. Breiden, said Friday.

Mr. Breiden, making his first statements since Feb. 13, the day Drexel collapsed, told the Senate Banking Committee that the agency wanted to find out who authorized the bonus payments, who received them and whether they carried out standard agreements or might have been made "in contemplation" of the firm's demise.

If it is found that the latter — which he called "one of a number of possibilities" — was the case, the bankruptcy courts and SEC might take action that could lead to recovery of the bonuses, he said.

A lawyer representing Drexel told a House subcommittee on Thursday that the firm paid executives about \$270 million in year-end bonuses. That included \$206 million in cash and \$64 million that the chief executive, Frederick Joseph, persuaded colleagues to accept in the form of Drexel preferred stock.

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To our shareholders,  
We have the honor to invite you to attend the  
**ANNUAL GENERAL MEETING**  
of shareholders of our company, which will take place at the company's registered office, 2, boulevard Royal, Luxembourg, on March 19, 1990 at 11:00 a.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the report of the Board of Directors and of the Independent Auditor;
2. Approval of the Statement of Net Assets at December 31, 1989 and the Statement of Operations for the year ended December 31, 1989;
3. Allocation of the net results;
4. Discharge to the Directors and the Independent Auditor;
5. Receipt of and action on nomination of the Directors and of the Independent Auditor;
6. Miscellaneous.

Resolutions on the agenda of the annual general meeting will require a quorum and will be taken at the majority of the votes expressed by the shareholders present or represented at the meeting.

In order to attend the meeting of March 19, 1990, the owners of bearer shares will have to deposit their shares FIVE days before the meeting at the registered office of the company or with Banque Internationale a Luxembourg, Societe Anonyme, 2, boulevard Royal, L-2953 Luxembourg.

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HT 3/3/90







# NASDAQ

Friday's Prices  
This list compiled by the NYSE consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

17 Month Low	Stock	Div Yld PE	High	Low	17 Month Low
17.00	IBM	4.00 15.00	170.00	165.00	17.00
17.00	Microsoft	4.00 15.00	170.00	165.00	17.00
17.00	Oracle	4.00 15.00	170.00	165.00	17.00
17.00	Novell	4.00 15.00	170.00	165.00	17.00
17.00	Lotus	4.00 15.00	170.00	165.00	17.00
17.00	Intuit	4.00 15.00	170.00	165.00	17.00
17.00	Parsons	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00

17 Month Low	Stock	Div Yld PE	High	Low	17 Month Low
17.00	IBM	4.00 15.00	170.00	165.00	17.00
17.00	Microsoft	4.00 15.00	170.00	165.00	17.00
17.00	Oracle	4.00 15.00	170.00	165.00	17.00
17.00	Novell	4.00 15.00	170.00	165.00	17.00
17.00	Lotus	4.00 15.00	170.00	165.00	17.00
17.00	Intuit	4.00 15.00	170.00	165.00	17.00
17.00	Parsons	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00
17.00	Unisys	4.00 15.00	170.00	165.00	17.00

## Elders Sells S&N Stake For Substantial Loss

**Reuters**  
LONDON — Elders DXL Ltd., the diversified Australian brewing company, on Friday sold its 23 percent stake in Scottish & Newcastle Breweries PLC at a substantial loss, according to the Scottish brewer.  
The London brokerage Smith New Court PLC said it sold all of Elders's 86.7 million S&N shares to institutional investors at 290 pence (\$4.82) per share.  
Analysts said the average price originally paid by Elders for its stake was in the region of 360 pence to 365 pence per share.  
The Scottish & Newcastle chairman, Alick Rankin, expressing relief at the transaction, estimated that the Australian company sustained a £90 million loss on the holding. An Elders spokesman refused to comment, other than to say that "our involvement with S&N is now history."  
In Merington, Scottish & Newcastle spokesman said, "We believe the shares are safely in the ownership of a wide range of institutional investors with greater interest in S&N's longer term development."  
Elders, which makes Australia's popular Foster's beer and controls the Courage chain of pubs in Britain, had hoped to become a major European brewer through the acquisition of the Edinburgh-based company.  
But Britain's Monopolies and Mergers Commission blocked the £1.6 billion (\$2.66 billion) bid in March last year and gave Elders until July to reduce its holding to less than 10 percent.  
Analysts said that the placement of the Elders stake removes a cloud that has hung over the Scottish brewer.  
"This takes away the share overhang which has dragged Scottish's share price down recently," one analyst said.  
Mike McCarthy, brewing analyst at Smith New Court said, "This now enables S&N to become totally focused on business rather than having a large stake distraction."

## Benelux Franc Given 1 Rate

**Compiled by Our Staff From Dispatches**  
BRUSSELS — Belgium and Luxembourg have abolished the double exchange rate which they have used for external payments, Philippe Maystadt, Belgium's Finance Minister said Friday.  
Since 1944, the franc has been subject to two rates, one for trade deals and the other for the financial markets.  
Because of the system, Belgians wanting to change currency had to explain why to the Belgian-Luxembourg foreign exchange office. The two-tier market was seen as a form of capital control.  
(AFT, Reuters)

## Sharp Fall Expected in Volvo Profit

**Reuters**  
STOCKHOLM — When AB Volvo releases its 1989 results on Tuesday, they are expected to disclose sharply lower profits at its car division, although accounting changes will help hold up the group's figures for the year, analysts said Friday.  
"Profits from the car division might be halved," said Philip Ayton of brokers Barclays de Zoete Wedd.  
He is predicting a 1989 pretax profit of 8.1 billion kronor (\$1.5 billion), compared with 8.24 billion kronor in 1988. But, "If you look at the underlying figures, profits are seriously down," Mr. Ayton added.  
Several other securities analysts also put the 1989 profit around 8 billion kronor. But that figure includes substantial profit from extraordinary items such as some 750 million kronor from the sale of Volvo's horticultural unit.  
The picture is further complicated by Volvo's decision to include profits from its nonconsolidated holdings in its 1989 figures.  
"There is a lot of profit coming from those associates now. We are estimating 860 million kronor for 1989," said Peter Dupont of UBS/Phillips & Drew.  
Mr. Dupont is estimating a 1989 pretax profit of 8.09 billion kronor, including gains on divestments, against an adjusted 8.57 billion kronor for 1988, taking account of comparable units.  
"The figures are likely to reflect a continuation of the malaise we saw in the first three quarters of the year," Mr. Dupont said.  
Behind Volvo's earnings collapse, already visible in its third-quarter results, lies the poor performance of the car division where price margins are being squeezed in a weak market, analysts say.  
"It is not necessarily that they have sold a lot fewer cars, but that they have got lower prices for them," said Far Samuelson at brokerage firm Aros.  
Brian Knox, analyst at Kleinwort Benson Ltd., said that the high cost of production in Sweden was also dragging down operating profits in the car division.  
But analysts are also concerned that the truck division, the major force behind Volvo's strong profit rise in recent years, could be heading towards trouble.  
To strengthen its forces in the truck, bus and car markets, Volvo last week agreed to link up with France's Regie Nationale des Usines Renault.

## Waterford Rescue Package Is Arranged

**The Associated Press**  
LONDON — Waterford Wedgwood Group PLC, the sibling British-Irish crystal and china maker, announced Friday that it found a minority partner to give it a much-needed cash infusion.  
Under the plan, a 50-50 partnership between the Irish industrial conglomerate Fitzwilliam Holdings PLC and the New York investment firm Morgan Stanley & Co. will end up with a 29.9 percent stake in Waterford, which will raise 102 million pounds (\$158 million) in cash.  
Waterford also announced it had an after-tax loss of 29 million pounds in 1989, compared with a 5.2 million pound after-tax loss a year earlier.  
There have been widespread reports in recent months that the company was searching for such a partner to help it reduce its substantial debt.  
Outlining the plan Friday, the company said a major portion of the cash raised would go toward reducing that debt.  
Waterford said Investco, a new company made up of Fitzwilliam Holdings PLC, which is headed by H.J. Heinz Co., the chairman Tony O'Reilly and a Morgan Stanley and Co. affiliate called Morgan Stanley Leveraged Equity Fund II LP, would buy 212 million new Waterford shares for 37.5 pence each. The sale will raise 79.5 million pounds.  
Waterford's shares rose 2 pence to close at 50 pence on Dublin's stock exchange on Friday.

## ABN Profit Increased About 15% Last Year

**Reuters**  
AMSTERDAM — Algemene Bank Nederland NV, the Dutch commercial bank, reported on Friday that 1989 net profit rose by about 15 percent, due mainly to foreign business.  
But despite the jump in profit to 701 million guilders (\$363.9 million) in 1989, ABN lost its position as the Netherlands' largest bank to Amsterdam-Rotterdam Bank NV, which earlier this week posted a higher profit and a larger balance sheet.

## CRIME: New Corporate Culture in U.S. Means Executives May Go to Jail

(Continued from first finance page)  
marking executive was sentenced to two years in prison.  
RCA Corp. pleaded guilty a few weeks ago to illegally obtaining secret budget defense reports, while a former and a current employee pleaded guilty to receiving and distributing budget documents.  
Congress has been passing stricter laws in recent years, courts are handing out tougher sentences and the U.S. Sentencing Commission is considering a proposal to further stiffen penalties for convicted corporations.  
In addition, the staff of the Defense Department Inspector General office has grown from a few dozen people in 1983 to about 1,400 people.  
Different reasons are given for government efforts to crack down on American corporations. Some legal observers say government officials are trying to counter the perception that the justice system favors the rich over the poor. Others contend that the emphasis on corporate crime is a reflection of the rise in consumer, environmental and other grass roots movements.  
Reagan administration policies in three key areas are another factor. When the Pentagon began spending at a furious rate, high profile contracting fiascos resulted, prompting the government to vow to eliminate waste, fraud and abuse. Deregulation in a number of industries and lax environmental enforcement created abuses that caused congressional and public demands for criminal prosecution. And in the securities area, a decade of bullish stock markets, leveraged buyouts and hostile corporate takeovers led to increased public scrutiny of the industry.  
"In each case, there were huge amounts of money passing through these industries and problems started to occur," said Mr. Spender, a defense attorney with Zuckerman, Spender, Goldstein, Taylor & Kolker. "The government has moved in a big way to use the criminal process to curtail what it regards as unacceptable activity."  
So much money was involved in many of these activities that Congress, prosecutors and investigators began deciding that administrative and civil fines were not sufficient.  
In some ways, the shift already has had an impact. It has spawned corporate behavior unheard of a decade ago. Defense contractors have set up ethics codes and self-governance procedures.  
Companies have beefed up their internal auditing procedures, environmental compliance efforts and training programs in an effort to teach employees how to follow government rules in areas ranging from filling out time cards to handling hazardous materials.  
But executives counter that those actions have significantly raised the cost of doing business, and thus the price that customers must pay. They also argue that it creates needless red tape and stifles creativity. And they argue that the threat of criminal investigation is preventing companies from reporting problems that they uncover.  
Mr. Bennett and his fellow corporate defense attorneys have a word for it: "over-criminalization."  
"They are making criminals out of people in companies who are not criminals," said Mr. Bennett.  
Russell Mokhiber, editor of Corporate Crime Reporter and formerly with Ralph Nader's Corporate Accountability Research Group, countered by saying that what corporate defense attorneys meant was that their clients were executives of major American corporations and therefore should not go to jail.  
Henry Hudson, the U.S. Attorney for Alexandria, Virginia, added that in investigations like the Wind, the government was not dealing with complex and obscure regulatory violations, but with classic crimes like "lying, cheating, stealing and bribing."  
The defense procurement industry is a prime example of how the enforcement of criminal laws has changed the culture of an industry.  
"In the defense contracting area, there are potential criminal ramifications at every step of the process," said Frederick M. Levy, attorney at McKenna, Conner and Cunniff.

## NYSE

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

High	Low	Open	Close	High	Low	Open	Close
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00

High	Low	Open	Close	High	Low	Open	Close
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00







## Singapore Proposes Special Tax Break for Multinational Firms

**SINGAPORE** — Singapore will allow multinational companies that establish finance and treasury centers here to be taxed on some income at a concessional 10 percent rate beginning April 1, Finance Minister Richard Hu said Friday.

The incentive, announced in conjunction with Singapore's 1990-91 budget, is intended to spur multinational companies to establish group treasury centers in the republic.

Income accruing to such centers from trading in foreign exchange, offshore investments and provision of financial services to related companies will be taxed at the new rate. The firms now pay a corporate tax of 32 percent on income.

In the budget, the Singapore government forecast an overall surplus of 4.29 billion Singapore dollars (\$2.34 billion) for the fiscal year ending March 31, 1991.

The 1990-91 surplus compares with an estimated 6.55 billion dollar surplus for the current year, revised from a surplus of 1.65 billion dollars forecast in the 1989-90 budget a year ago.

The budget report, presented to parliament by Mr. Hu, projected 1990-91 revenue at 15.60 billion dollars, up 1.3 percent from 15.33 billion dollars in 1989-90.

The expenditure for 1990-91 was estimated at 14.14 billion dollars, an increase of 9.1 percent from the revised 12.96 billion for 1989-90.

"The long-term objective of the government budget policy is to reduce the share of the nation's resources consumed by the public sector so as to facilitate private sector growth," the budget document said.

## Asian Ports Seek to Dominate the World

**SINGAPORE** — Asian ports are gearing up for a fierce battle over market share as the region consolidates its dominant role in global shipping over the coming decade.

We see fierce rivalry among Hong Kong, Singapore, Taiwan and South Korea as they pump in millions of dollars to upgrade and build new ports and berths in order to stay on top," a United Nations shipping expert said.

According to Tsvi Vered Rosenfeld, managing director of ABC Container Line NV, Asia handled 30.8 percent of the world's container traffic in 1988 against only 18 percent in 1977.

Asia has seven of the 12 largest ports and handles more containers than any other region, Mr. Rosenfeld said.

Singapore shipping sources said the region could handle over 50 percent of the world's container traffic by the year 2000.

But some port officials warn that Asia's huge investment plans might lead to under-utilization of port facilities and protectionism. John Meredith, managing director of Hong Kong International, expressed concern that Hong Kong's expansion plans are over-ambitious.

Mr. Meredith said increasing competition from Taiwan and Singapore and recent improvements in China's port facilities could siphon off cargoes from Hong Kong.

Hong Kong is already the world's busiest container port, handling 4.46 million TEUs (20-foot equivalent units) in 1988. It plans to spend \$16.2 billion on a new complex that will increase sea cargo capacity five-fold by the year 2006, port officials said. The colony now handles 80 million tons of cargo a year, an increase of almost 90 percent in the past five years.

Singapore, which handles some 4.36 million TEUs a year, has invested about 1 billion Singapore dollars (\$533 million) to build a new

Expansion plans could be over-ambitious, one Hong Kong shipper said.

container terminal and feeder facilities and is expanding the Tanjong Pagar Terminal. The new facilities will increase capacity to about 10 million TEUs a year by 1992, officials say.

Taiwan plans to spend about 3.7 billion Taiwan dollars (\$142.5 million) to expand the Taichung port, Taiwanese officials said.

Another port at Keelung is expected to handle 3.5 million TEUs in 1990 and over four million TEUs in 1991, against about 3.38 million in 1989.

A fourth container terminal, worth 7.7 billion Taiwan dollars, in Kaohsiung will be completed in June 1991 and construction on a fifth, costing over 9 billion dollars, will start later this year. The fifth terminal, to be completed in 10 years, will raise total capacity to six million TEUs a year.

South Korea's Pusan port will invest about \$241 million to extend and build new container facilities by the end of 1990, a shipping manager there said.

South Korea handled 1.74 million TEUs in the first 11 months of 1989, against 1.71 million in the same 1988 period.

Japanese ports are building new container terminals and berths to cope with rising container throughput and booming Asian trade, shipping officials there said. Osaka has two big projects due to be completed in 1992-93 which are part of the 2 trillion yen (\$13.35 billion) "Technoport Osaka" project.

Thailand hopes its new Laem Chabang deep sea port, to be completed by 1992, will ease pressure on Bangkok's overcrowded river port, shipping sources said.

The Bangkok shipping agents association forecasts government and private ports will handle 1.48 million TEUs in 1992, against 1.12 million this year.

### Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
3200	1500	3250
2800	1450	3000
2600	1400	2750
2400	1350	2500
2200	1300	2250
2000	1250	2000
1800	1200	1750
1600	1150	1500
1400	1100	1250
1200	1050	1000
1000	1000	750
800	950	500
600	900	250
400	850	0
200	800	0
0	750	0
Exchange Index	Friday Close	Prev. Close
Hong Kong Hang Seng	2937.93	2933.13
Singapore Straits Times	1551.47	1546.05
Sydney All Ordinaries	1568.20	1570.60
Tokyo Nikkei 225	34057.56	33829.58
Kuala Lumpur Composite	608.64	600.20
Bangkok Book Club	705.72	706.97
Seoul Composite Stock	884.07	861.59
Taipei Weighted Price	11436.99	11419.85
Mentia Composite	1028.32	1016.21
New Zealand Barclays	1811.61	1805.69
Bombay National Index	379.63	380.25
		% Change
		+0.16
		+0.35
		-0.15
		+0.67
		+0.57
		-0.18
		+2.61
		+0.15
		+1.19
		+0.33
		-0.16

Source: AFP

International Herald Tribune

## Nissan Sees Record Profit in 1991

**TOKYO** — Nissan Motor Co. is forecasting that parent-company current profit will reach a record 185 billion yen (\$1.23 billion) in the financial year ending March 31, 1991, a company spokesman said on Friday.

Last November, Nissan forecast that parent company current profit would jump 16 percent to 180 billion yen in the year ending March 31, 1990. The previous record profit was in the 1980 financial year, when profit totaled 183 billion yen.

Sales for financial 1990 were expected to rise 10.3 percent to a record 3.95 trillion.

The parent company will announce its results for the 1990 financial year on May 28, the spokesman said.

Operating profit is forecast to rise to 140 billion yen in financial 1991 from 135 billion yen in the current financial year. In financial 1989, the company recorded an operating profit of 92.01 billion yen.

Nissan forecasts domestic sales will rise 21 percent to 1.4 million vehicles in the current financial year, and up from a previous forecast of 1.35 million, helped by rising demand for luxury cars.

But financial 1990 exports will decline about 7.4 percent to about

1 million vehicles — below an earlier forecast of 1.05 million — due mainly to slow demand in the U.S., the spokesman said.

The following year, Nissan expects its exports to be unchanged at around 1 million vehicles, while domestic sales are expected to rise 3.6 percent to 1.45 million.

Nissan estimates parent-company sales at a record 4.10 trillion yen in financial 1991, up 3.8 percent from the current year.

The estimated growth rate in domestic sales for financial 1991 is a conservative one, the spokesman said, because he expects that production capacity will be unable to catch up with demand.

## U.S. Satellite To Take Off From China

**BEIJING** — China is planning to launch four more satellites this year, including one made in the United States, following last month's successful lift-off of a domestic telecommunications satellite, an official said here Friday.

Jiao Yong, spokesman for the Ministry of Aeronautics and Astronautics Industry, said that the four include AsiaSat 1, owned by the Hong Kong-based consortium Asia Satellite Telecommunications.

AsiaSat 1, built in the United States, is now at the Xichang space station in southwest Sichuan province where it will be launched from a Long March III rocket "very soon," he said.

Its delivery was delayed when the United States stopped high-tech transfers to China after the June military suppression of pro-democracy protests in Beijing.

The first Chinese launch of 1990, on Feb. 4, was China's fifth telecommunications satellite.

China is eager to launch foreign satellites to develop its own space industry, although rivals in the United States and Europe have complained that it is undercutting them with cheap prices.

## Seoul Launches Drive To Boost Stock Market

**SEOUL** — The South Korean government on Friday announced a series of measures to boost the sluggish stock market, increasing investor confidence and lifting share prices.

The market rose more than 2.5 percent Friday, with the Composite Price Index gaining 22 points to 884 and heavy trading which saw 21 million shares change hands. Last week, daily turnover averaged between five million and six million shares.

The new measures included set-

ting up a fund for foreign investors, which dealers said was welcomed as a move to bring new money into a market which is still largely closed to foreigners.

The Finance Ministry said it would allow local investment companies to set up three "matching funds" for foreign investors to invest indirectly in the local market.

Each of the funds, expected to be launched later this month or early in April, would be initially capitalized at \$100 million, raised by selling beneficiary certificates in equal lots to domestic and foreign investors.

The creation of matching funds is also in line with a government plan to create more instruments for indirect investment for foreign investors, ahead of the opening of the market to direct foreign investment in 1992.

The government will also allow securities firms to offer clients credits to buy their own shares, which had previously been prohibited.

The measures also called for institutional investors to take over \$4 billion worth of stocks which trust funds had to buy under a government measure to boost the market in December.

Institutional investors would have to hold the stocks and would not be able to trade them until the market recovered, dealers said.

## Won Has Gain In First Session Without Fixing

**SEOUL** — The South Korean won won slightly Friday in active trading on the first day after the central bank ended daily fixing of its exchange rate, dealers said.

The won, which started at the mid-rate of 694.00 against the dollar and was allowed to trade in a range of between 691.30 and 696.70 Friday, stayed in a 692.70 to 694.00 band.

The last two deals were made at 693.00 and 693.10 won to the dollar, a Bank of Korea official said. Dealers said volume was well over \$100 million, up from last year's average of \$96 million and February's \$70 million to \$80 million.

Under the new system which began Friday, Saturday's mid-rate will be decided by a weighted average of Friday interbank spot trading. For the past 10 years the central bank has set the mid-rate under a secret formula.

Dealers reported no central bank intervention, but reported a big buying order by a government agency.

## Foreign Firms Plan to Build Major Steel Mills in Malaysia

**KUALA LUMPUR** — A Taiwanese and a South Korean firm are negotiating to build two giant steel mills worth a total of 12 billion ringgit (\$4.44 billion) in Malaysia's southern Johor state, the state's chief minister said Friday.

Taiwan's China Steel Corp. has proposed building an eight billion ringgit integrated steel plant that would be the largest in Southeast Asia, the minister, Muhyiddin Yassin said.

South Korea's Pohang Iron & Steel Co. plans to set up a four billion ringgit cold-rolled steel sheet

plant with a one million ton annual capacity, he added.

Approval has been given to the Taiwanese firm and its Malaysian partner to build the plant, which would have annual capacity of five million tons, Mr. Muhyiddin said.

Giving details of the project, he identified the Malaysian partner as the diversified group Lion Corp., a listed company that is a 28.5 percent shareholder in Amalgamated Steel Mills Bhd.

But Johor sources said the project faced a possible hitch. The Taiwanese-Malaysian joint venture wanted it to be situated in Johor,

while the federal government wanted it placed in the northeastern state of Terengganu.

A Lion Corp. official confirmed negotiations were taking place but said nothing had been finalized.

Mr. Muhyiddin said Pohang and its partners would sign the agreement for the other plant by the end of this month.

Pohang plans to export 80 percent of the output in view of the relatively small local industrial base, he said, naming Malaysian Floor Mills Bhd. and Johor State Economic Development Corp., a

state investment arm, as possible local partners.

Malaysia now has three major steel plants with a combined annual capacity of 1.1 million tons, including the state-owned Perwaja Terengganu Sdn Bhd., the country's largest.

Besides Amalgamated Steel, the other plant is Malayawana Steel Mill, based in the northern state of Penang with a capacity of 160,000 tons a year. Jointly owned by Penang, a government firm, and Japan's Nippon Steel Corp., it had accumulated losses of 107 million ringgit at end-March 1989.

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# Act while others talk

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SPORTS

Pressure on Valvano Mounts, Ex-Player Arrested for Drugs

RALEIGH, North Carolina — Jim Valvano faced increasing pressure to resign as basketball coach at North Carolina State University on Friday, and the former Wolfpack player at the center of a widening point-shaving investigation was arrested on a misdemeanor marijuana charge in New Jersey.

Charles Shackelford, now with the New Jersey State Police, was arrested Thursday night and freed after a friend posted \$250 cash bail. Meanwhile, the North Carolina State Bureau of Investigation began a formal investigation Thursday into the gambling and point-shaving allegations involving members of the N.C. State basketball team, which is one of the most successful in the country. The announcement was the first public acknowledgment by law enforcement officials that allegations of point-shaving at N.C. State exist.

The Wake County district attorney, Conrad Willoughby Jr., said he extended the inquiry because of information received in the last two weeks, some of which was reported in an ABC-TV news program alleging that Shackelford had conspired

with three unnamed teammates to fix games in 1987-88.

The allegations have sparked faculty, school officials, students and newspaper editorials to call for the ouster of Valvano as basketball coach.

Ray Camp, chairman of the university's Faculty Assembly, comprised of senior faculty members, urged that Valvano be fired. He said the group found it hard to believe that Valvano knew nothing of the alleged point-shaving.

William Johnson of the university system Board of Governors told The Charlotte (North Carolina) Observer: "The bottom line is, there are just too many unfortunate things that have happened during his tenure. I think in order to wipe away the stain, there's got to be a general cleaning out."

But the acting chancellor at N.C. State, Larry K. Monteith, was not ready to pass judgment. He said the basketball program was still under a review that began nearly a year ago and which has already forced Valvano to give up his job as athletic director.

"Everything is relevant to that review," Monteith said. "Obviously, I don't have the circumstances



Jim Valvano

at the moment to ask him to step down. We will make no judgment until the allegations have been corroborated."

Three newspapers — The Observer, The Winston-Salem (North Carolina) Journal and The Technician, the student newspaper at N.C. State — said in Friday editions that Valvano should resign or be fired.

Italy's largest sports daily, Gazzetta dello Sport of Milan, reported Friday that Valvano was negotiating to coach the Philips Milan team, but Tony Cappelletti, general manager of the club, called the report "groundless."

Valvano has insisted he never suspected his players of point-shaving. "Obviously, I'm angry and bitterly disappointed," he said earlier this week. "I also feel helpless in terms of being a spectator, because I have no knowledge or idea of what happened or transpired."

The N.C. State basketball program, which has won the collegiate championship twice in the past two decades, has been under scrutiny since university and NCAA investigations uncovered academic abuses and NCAA violations.

ABC News, citing unnamed "in-

Michigan State Stops Michigan for Big Ten Lead

The Associated Press

Oregon State and Michigan State control their own destinies as far as getting automatic bids to the NCAA tournament.

Oregon State, ranked 16th in The Associated Press poll, earned the top seed in the Pac-10 tournament next week by defeating Arizona State, 73-59, Thursday night.

Arizona can share the regular-season championship by defeating Oregon State in Tucson, Arizona, on Saturday but the Beavers have clinched the tie-breaker for the top seed.

Meanwhile, Steve Smith scored 36 points in leading No. 14 Michigan State to a 78-70 victory over No. 8 Michigan (20-6), giving the Spartans undisputed possession of first place in the Big Ten. Because the Big Ten does not have a post-season championship game, the regular-season champion gets an automatic bid to the National Collegiate Athletic Association tournament.

Michigan State (23-5) has a half-game lead over Purdue, which was idle.

"We're in the driver's seat. We control our own destiny," Jud Heathcote, who coached the Spartans to the NCAA championship in 1979, said. "This is the biggest win Michigan State basketball has had

in a few years. It's not the best, but this has to rank with all of them."

In Tempe, Arizona, Gary Payton scored 22 points and Earl Martin had six of his 17 in a 24-8 second-half run for Oregon State (22-4).

Alex Austin had 23 points for Arizona State.

For Michigan State, it was Smith who scored 25 points in the second half and 13 in a 19-6 surge that put the Spartans ahead by 61-53 with 7:01 remaining in East Lansing, Michigan.

"I think this is the best I've ever played because it's against Michigan," Smith, who also had nine rebounds, said.

Terry Mills, who scored 31 points for Michigan, scored 10 in a 13-2 run that brought the Wolverines to 69-66 with 2:47 left.

Matt Steigenga gave the Spartans a lift when he stripped the ball from Michigan's Michael Talley and scored on a dunk for a 72-66 lead.

No. 2 UNLV 84, Utah State 82: Larry Johnson scored 18 of his 31 points in the second half and David Butler added 24 points for UNLV (25-9), which survived in Logan, Utah, despite missing 12 of 13 three-point attempts. Utah State hit seven of 11 from long range, but led only once, 37-36.

No. 17 Minnesota 75, Indiana 76: Willie Burton scored 20 points, in-

cluding nine of Minnesota's last 10 in Bloomington, Indiana. Minnesota (20-6) led the Big Ten contest, 62-56, with 7:22 to play. But Eric Anderson and Pat Graham scored five points each as Indiana went on a 10-1 spurt in the next three minutes. Graham's three-point play with 3:35 to go gave the Hoosiers their first lead of the game at 66-63.

Mark Macon, a junior, scored 31 points and became Temple's career scoring leader with 7,823 points in a 75-70 double-overtime victory over Rutgers in Philadelphia.

Wake Forest spoiled the final home game for Terry Holliday, the Virginia coach, by defeating the Cavaliers, 51-50, in Charlottesville, Virginia. Holland will become athletic director at Davidson, his alma mater.

Kenny Robertson had two steals, tying the NCAA career record of 341 set by Michael Alexander of Oregon, as Cleveland State beat Illinois-Chicago, 91-79, in Cleveland.

SIDELINES

UEFA Limits Soccer Standing Room

BERN (Reuters) — Qualifying matches for the 1996 European soccer championship will be all-seater, in line with security regulations for the 1994 World Cup, the European Football Union (UEFA) said Friday.

Last July, the sport's international body, FIFA, decreed that fans would not be allowed to stand at any qualifying games for the 1994 World Cup or at the Finals in the United States.

Romania Names Olympic Officials

BUCHAREST (Reuters) — Two sporting legends will replace the conservatives who ran Romania's Olympic Committee during the rule of Nicolae Ceausescu. Iva Minculescu, 58, who began her Olympic career at the Helsinki Games in 1952 and won her first gold medal in Mexico City 16 years later, has been elected president, the committee said Tuesday. A former canoeist, Ivan Patzschin, 41, who won an astonishing 29 Olympic and world championship medals, becomes the vice president.

Strawberry Out of Rehabilitation

NEW YORK (NYT) — Darryl Strawberry, the star outfielder for the New York Mets, left the Smithers Alcohol Rehabilitation Center here Thursday. Strawberry entered the center to undergo treatment for alcohol abuse on Feb. 3, eight days after his wife, Lisa, called the police to her home in Encino, California, and complained that her husband had hit her and threatened her with a loaded pistol. She has since told the authorities she does not want to press charges.

For the Record

Mark Tewksbury of Canada set a world record in the short-course 100-meter backstroke in Saskatoon, Saskatchewan, at the Canadian national swimming championships Thursday, lowering the mark to 53.69 seconds from 54.20.

Striker Valeri Maslachenko has been granted a work permit and is making his debut for Dutch soccer side Vitesse on Saturday, becoming the first Russian to play in the Netherlands, a club spokesman said. (Reuters)

Quotable

Wayne Gretzky of the Los Angeles Kings after the King and Edmonton Oilers combined for 86 penalties Wednesday: "I've said all I can say about fighting. If the NHL wants to do anything about it, fine. And if they don't want to do anything about it, fine."

The Line on Valvano Is — He'll Always Have a Snappy One

NEW YORK — No matter how bad it gets, Vee didn't know nothing, never, as he himself might say in his exaggerated Queens-punk patois. For the moment, North Carolina State University is choosing to sit out the accusations that one or more players may have shaved points and that Charles Shackelford may have taken \$65,000 from insiders who may have had gambling on their minds.

At the very least, players were coddled and cajoled, were taught rules were made to be subverted, but when the bad stuff went on, Vee didn't know.

It was the other guy. It was the system. It was the kids. It was the bad influences. It was the times. Hey, that's life. Whaddya gonna do?

If a portion of the \$65,000 showed up in better clothes or a better car for a poor kid Vee had recruited, hey, what's wrong with that?

At some point, Jim Valvano will walk off campus as blithely as he strolled onto it.

There are reports he is considering becoming the coach of the National Basketball Association's Charlotte Hornets, but for the moment he wants to remain in, uh, education.

"I'd also like to point out, I'm not a man without options," Valvano said, while divesting himself of the athletic director's job under pressure last August.

North Carolina's education officials had suddenly realized that allowing a coach of a major sport to double as athletic director was like putting Bugs Bunny in charge of the carrot patch.

VANTAGE POINT/George Vecsey

Even losing the extra pay, which was probably marginal to Vee, and the autonomy, upon which he thrives, did not discourage Valvano. "I want to be here," Vee said.

However, Vee may no longer want to "be here" if North Carolina State runs afoul of the law or the National Collegiate Athletic Association, or even concerned education officials within the state. If any.

And you gotta understand, Vee don't do gym classes. He is usually good with figures, but sometimes he gets confused. He once said the graduation rate for his players was 86 percent.

Turned out to be 44 percent. They're both double digits, aren't they? Up to now, the charges never quite seemed to stick to Vee.

When a book unfavorable to Valvano was about to be published, the president of the North Carolina university system, C.D. Spangler, claimed to investigate.

"The system has been misused," Spangler decided in 1989. "The spirit, not the letter of the law, has been broken."

Those reassuring words were used by supporters to prove Vee was off the hook; that he could go back to doing what he does so well — slipping athletes into college and charming a few good years out of them.

To acquire Chris Washburn, a 6-foot, 11-inch (2.10-meter) prospect, Valvano delegated one Tom Abatemarco to write letters.

Abatemarco couldn't spell very well, and his grammar was awful, but he was persistent.

By the time Washburn chose N.C. State, Abatemarco had sent him 278 pieces of mail.

Never mind that Washburn was let into school with a 470 on his Scholastic Aptitude Test, the minimum score being 400 for showing up and the maximum being 1,600.

Washburn's height later became an asset for prowling the campus and being able to spot the latest in stereo equipment in other persons' rooms.

Washburn received many chances at N.C. State.

Perhaps as a result, he has now washed out of professional basketball and addiction treatment centers.

There was a certain five-and-let-five philosophy regarding Shackelford, too.

When bad grades threatened to keep him out of the 1986-87 season, Shackelford was allowed to sign a pledge to work hard and keep a "positive mental attitude."

Vee explained that one.

"What we were saying to these kids was, 'We're making a commitment to you, and we expect you to make a commitment in return.'"

In fact, Vee was teaching marginal young college students to slip and slide.

Did one or more of his recruits cross the Spangler Line and break the letter of the law? It may take a while to find out.

When the results are in, wherever he may be, Vee will have a couple of good lines.

BOOKS

SEXUAL PERSONAE: Art and Decadence From Nerfitti to Emily Dickinson

By Camille Paglia. 718 pages. \$35. Yale University Press, 302 Temple Street, New Haven, Conn. 06511.

Reviewed by Lillian Faderman

"PRISON DREAMS of a self-incarcerated sadomasochist," a virtuoso of sadomasochistic realism, "brutality that would stop a truck." Algernon Charles Swinburne? Jean Genet? William Burroughs? No. The reclusive poet of Amherst, Emily Dickinson. In this voluminous, baroque study of decadence in literature, art and society, Camille Paglia leans always towards dark insights that have eluded more "naïve" scholars.

Wedding Freud to J.G. Frazer ("The Golden Bough"), Paglia examines the amorality, aggression, sadism and pornography in "great art" from ancient Egypt to the major 19th-century American writers. Her thesis is that there is a unity and continuity in Western culture that has little to do with the forces of Judeo-Christianity. That unity is aligned instead with paganism, which flourished not only in antiquity but also in the Renaissance and Romantic eras and continues to flourish in pop culture today. It is as inescapable as the unconscious, she

suggests, where nature reigns and where there is no law but sex and cruelty.

Her method in illustrating her thesis is, as she admits, a form of sensationalism. She tries to flesh out intellect with emotion, and to induce a wide range of emotion from the reader. In this latter goal Paglia is remarkably successful. It is impossible to read this outrageous, fascinating, politically incorrect book with calm or equanimity.

Paglia is provocative and provoking whether she discusses society or art. Feminists may find "Sexual Personae" the book they most love to hate. Paglia believes there is indeed a basis for sexual stereotypes that is biological and firmly rooted in the unconscious. She criticizes feminists who seek to drive power relations out of sex as having "set themselves against nature." One is reminded in such assertions of the 19th-century sexologists who dubbed feminists "unnatural." But readers would have to go to the most obsessive misogynists such as Strindberg to find her equal: "If civilization had been left in female hands," she declares, "we would still be living in grass huts." One suspects that she is often trying to get a rise out of the reader.

But Paglia does not stop at outraging feminists. She seems to strive to incite something to offend almost everyone. The naïveté of liberals comes under particular attack. She scoffs at the liberal's idea of history being progress, their refusal to see the dark side of human nature, their conviction that what is really

innate perversity can be eradicated by plastic bandages. Yet despite the seeming conservative bent of many of her views, conservatives will be no more comfortable with "Sexual Personae" than liberals. Just as they are thinking that they and Paglia share a wave length she will zap them with something like her aesthetic defense of man-boy love.

In her interpretation of Dickinson, Tussaud's Chamber of Horrors as she shows us all the instruments of torture Dickinson employs in her poetry. We may be initially repelled by her characterization of Dickinson's poems as betraying an "unrecognized appetite for murder and mayhem," but Paglia's overwhelming documentation of images that depict maelstroms lapping up navies, tigers feasting on men, spirits stabbed and ravished by "dirks of melody" ultimately convinces. One can never read Dickinson again without a suspicion of her "sweet tooth for sadomasochistic horror," as Paglia describes it.

This is a remarkable book, at once outrageous and compelling, fanatical and brilliant. As fascinating as Paglia often is, one must be wary of her vast energy, erudition and wit. At the least, "Sexual Personae" seldom fails to be amusing.

Lillian Faderman, a visiting professor of English at the University of California, Los Angeles, is the author of "Surpassing the Love of Men" and "Scented Verdict." She wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THE body responsible for tournament play in New York City is the Greater New York Bridge Association, which has had many problems in recent years. The principal ones have been falling attendance and the difficulty in finding appropriate tournament sites. Addressing these problems is Henry Bethe, a new broom for the 90s. He is happy to hear from members at 205 East 22d Street, 6C, New York, N.Y. 10010. Bethe comes from a problem-solving family. He solved some on the diagrammed deal, played in a sectional event at the Culbertson Club, although they were not quite on the level of those addressed by his famous father, the Nobel Prize winner Hans A. Bethe, when he worked out the chemical composition of the sun. The opening diamond lead was won in dummy, and the club ten was led for a successful finesse. Another club lead was covered by the jack, and won with the queen. South now lacked an entry to the dummy, but the threat of scoring one was potent. He led the heart queen, and would have taken nine tricks if West had won. That player therefore ducked and the lead of the spade queen gave East a similar decision. He also refused to win. The contract was now safe, and the lead of the heart jack forced West to duck again, this time to prevent an overtrick. The heart ace was cashed, forcing a diamond discard from East, and that player then failed to unblock the diamond queen, permitting Bethe to score a profitable overtrick after all, for a top score on the deal.

PEANUTS

Dear Contributor, We are returning your dumb story

Note that we have not included our return address.

We have moved to a new office,

and we don't want you to know where we are.

BEETLE BAILEY

THANK GOD! I'M SAVED!

ANDY CAPP

HOW'S THE DIET GOING WITH YOU AND TED?

TALK ABOUT OBESITY! I'M TRYING TO START ON IT. JUST LOOK AT HIM.

HE REFUSES TO THINK OF IT AS FAT. HE INSISTS ON THINKING OF IT AS PADDINGS.

HE'S GOT A POINT.

WIZARD OF ID

SQUAWK...LONG LIVE THE KING! ANK!

WHAT KIND OF A WONDERFUL BIRD IS THAT?

IMPORTED

REX MORGAN

IT WON'T BE NECESSARY TO SEE THE NEW ADMISSIONS, KEN! I LEFT ORDERS OVER THE PHONE! I'LL CHECK HIM LATER THIS AFTERNOON!

ALL RIGHT! CAN YOU SPARE ME ABOUT FIVE MINUTES RIGHT NOW?

CERTAINLY! COME ON IN!

I WANT TO TALK TO YOU ABOUT... MRS. LARKIN! I THINK SHE'S BEING ABUSED PHYSICALLY AND PSYCHOLOGICALLY BY A MAN WHO CLAIMS TO BE HER FIANCE!

GARFIELD

SOME FLOWERS FOR YOU, MY DEAR

GEE, I'LL BET THEY'D BE USED TO BE LOVELY

AND TASTY TOO

DOONESBURY

AS FAR AS DRIVING GOES, I'M LAYING BACK NOW, BUT I'LL BE BATTING ONLY THE CLASSIEST, PRIMO BATTES!

I MEAN, I'M TALKING ABOUT TOP TALENT! I'M TALKING YOUNG, BLOND, AND HUNTERS OUT TO HERE! FIRST CLASS ALL THE WAY!

I THINK YOU'LL BE SEEING A MAJOR MAJOR STARTER WITH ME! I HAVEN'T PICKED HER YET, BUT YOU CAN BANK ON IT!

DENNIS THE MENACE

SURE! MY MOM'LL BE GLAD TO BUY A WHOLE BUNCH OF COOKIES TO HELP THE GIRL SCOUTS!

JUMBLE

Unscramble these four Jumble words, one letter to each square, to form four ordinary words.

ZIMEA

LAVIE

VARQUE

FATSIE

Print answer here: \_\_\_\_\_

Answers (Monday)

Yesterday's Jumble: ARASH CHANT MISLAY UNFOLD

Answer: A subliminal message doesn't hold opinions — THEY HOLD THEM

BLONDIE

THAT'S AUNT ENNA BUNSTEAD

SHE RAN A BOARDING-HOUSE FOR ACTORS... AND GAVE THEM WITH THEIR TWO BASIC NEEDS

WHAT'RE AN ACTORS TWO BASIC NEEDS?

FOOD AND MIRRORS



## SPORTS

## Players Are Waiting for a Pitch They May Not Get

By Richard Justice

Baseball's labor negotiations have boiled down to a poker game of high stakes and huge egos. But it's not a traditional poker game, because if the result is a new collective-bargaining agreement, both sides will have won.

However, if the dispute collapses into a long, bitter fight — and it certainly is not far from becoming just that — both sides clearly will have lost.

The ridiculous part is that the issues and positions have been so clearly defined that both sides know what the other is thinking and what the final agreement likely will look like.

Almost no one in or around baseball believes the players will get much more than management now has on the table. Still, the players have decided to wait and see if there's more on the way.

Their thinking is that because the owners shut down spring training, the players can wait until the last possible moment to make a deal. They clearly want the season to start on time, but don't want to be surprised if an agreement is signed until mid-March, just in time to get the players enough work to be ready to play on April 2.

That may be a traditional negotiating strategy, except that in these circumstances it carries a huge risk. When the owners virtually begged the players to strike a deal last weekend, the players refused even to attend a bargaining session.

After two months of listening to silly proposals, that snub was their only response. The owners responded:

## ANALYSIS

ed predictably. They became angry, and Friday, as the union chief, Donald Fehr, toured the country briefing players, the commissioner of baseball, Fay Vincent, and his negotiating team were busy trying to hold their side together.

Last weekend's slight, the players' comments from Phoenix on Tuesday and a continuing hard-line stance has made the owners angry enough that there's a risk that last week's final offer may not be on the table much longer.

If it's taken off, Fehr will have played his hand too far. He not only will have put the season at risk, but he'll be jeopardizing millions of dollars in salaries for the sake of a few dozen young players.

(Will it be Fehr who flies to New Orleans and explains to Will Clark why the first payments on his \$3-

million salary won't be arriving on time?)

Vincent put himself at considerable risk when he convinced the owners that Fehr and the players were willing to strike a deal if it were a reasonable one. Last weekend, Vincent sent the players a reasonable request, and the players wouldn't even meet with him.

Now, the hard-liners — the owners who wanted revenue sharing and salary caps in the first place — have an excellent chance of returning to the bargaining table. That surely will be one of the topics discussed when the owners meet next week in Dallas.

Fehr apparently is willing to take this risk, even though he surely knows he won't get the final year of arbitration eligibility. Even though his membership's average salary is close to \$600,000. Even though 25 percent of his players will make \$1 million or more in 1990.

As the week has unfolded, with Fehr bouncing from one meeting to the next, and the commissioner's office fielding calls from angry owners, it's clear that even some moderates on the management side — for instance, Philadelphia's Bill Giles — are angry at the players.

At least one prominent owner believes his colleagues are now geared for a long fight, and it is



Don Fehr

means testing the union's solidarity or shutting down the game for several months, they may be willing to do it.

The players see it differently. After watching the owners call the shots for almost three months, the players are taking a turn at it. If the owners don't pull back the offer, the players will have risked virtually nothing. While it's extremely unlikely the players will risk the start of the regular season, it's also extremely unlikely they'll sign an agreement until the regular season is at least threatened.

So after three months and with the spring training lockout 16 days old, the game and the negotiations are on hold.

Fehr apparently knows this is a delicate game he's playing because Thursday he phoned Charles O'Connor, the owners' chief negotiator, to apologize for some critical comments made after the Phoenix meeting.

The odds are that by October, when the leaves have begun to turn and the World Series is about to begin, these negotiations will seem like they happened years ago.

It's still a good bet that Vincent will keep the current management offer on the table a while longer, and that in the next 10 days or so, Fehr and the players will insist on some modifications, then sign it.

If that happens, a fair game can start to grow even faster, and no one will remember who tried to get what in negotiations. If it all blows up, there'll be plenty of blame to go around. Blame the owners for collusion and for bringing so many absurd suggestions to the table. Blame the players for not accepting the kind of offer they said they wanted all along.

Baseball never learns. This kind of thing happened in 1976, 1981 and 1985, and set your alarms: 1994 is just around the corner.

## Vincent Paints Bleak Picture For Settlement

Compiled by Our Staff From Dispatches

NEW YORK — Baseball Commissioner Fay Vincent painted a bleak picture for baseball on Thursday.

He said he saw no reason for negotiations to resume because the union has indicated no willingness to negotiate and compromise.

"We are in a very bad situation," Vincent said in an interview with The New York Times, emphasizing "bad." "There's a major risk of serious confrontation here. It looks to me like it is approaching the unavoidable."

No bargaining sessions are scheduled. The earliest the two sides would meet would be Monday.

In Washington, meanwhile, the Senate overwhelmingly adopted a resolution calling for the sides to "settle their differences promptly." It also included baseball's federal antitrust exemption, which Congress could repeal. (NYT, AP)

## While England Rests, No Lack of Urgent Rivalry

By Bob Donahue

PARIS — The star is offstage, and lesser characters have to keep the serial going. This weekend's two performances are sellouts once again.

England, idle on the fourth Five Nations Saturday, has scored 83 points in three matches and conceded only 13. There has been

nothing like that since Wales with 83-24 in its first three matches of 1976. In England so good, or is it rather that the others are bad? The evidence isn't all in.

Wales against Scotland, in Cardiff, packs extra emotion this year. The worst Welsh slump in history includes, now, the worst Welsh loss to England — biggest losing points margin, highest English score. Welsh fans feel there is nowhere to go but up, starting right now.

John Ryan resigned as Welsh coach after the England match. His successor, Ron Waddock, coaches Neath, currently the strongest club in the British Isles. He is a tough-talking hanger-on who has stuffed the team with Neath players.

Scotland could yet seal the show from big England on March 17, demonstrating in the final act that it wasn't a lesser character after all. Meanwhile, though, difficult business awaits in Cardiff. "They have had recent problems but we recognize the high standard of their club rugby," Bob Munro, chairman of Scotland's selectors, says of the Welsh.

France against Ireland, in Paris, looks tense. "The French are desperate," a Parisian told a Dubliner on the plane the other day. "Join the club," the Irishman replied.

Hume is a classic feature of French-Irish rugby weekends. But criticism of Jacques Fouroux and Jimmy Davidson, the French and Irish coaches, has been as harsh as the hounding that felled Ryan in Wales.

"Défense interdite," says a headline in the rugby weekly Midi Olympique. Defeat forbidden.

Irish urgency is different. A good showing in Paris, with or without victory, would ease the strain that attacks on Davidson, an Ulsterman, have imposed on Ireland's normally exemplary South-North rugby harmony. Further embarrassment is forbidden. Defeat isn't — but then, neither is victory. Being the underdog, as Wales

## Rugby's Big Eight

Team	W	D	L	Tries
1. New Zealand	9	1	0	44
2. England	4	1	2	23
3. Scotland	5	1	4	19
4. Australia	4	1	5	24
5. France	4	0	2	16
6. Argentina	2	1	7	4
7. Ireland	1	0	9	18
8. Wales	1	0	9	7

Team	W	D	L	Tries
Wales-Scotland, France-Ireland	1	0	0	0
Wales-England, France-Ireland	1	0	0	0
Wales-Scotland, France-Ireland	1	0	0	0
Wales-England, France-Ireland	1	0	0	0
Wales-Scotland, France-Ireland	1	0	0	0
Wales-England, France-Ireland	1	0	0	0
Wales-Scotland, France-Ireland	1	0	0	0
Wales-England, France-Ireland	1	0	0	0
Wales-Scotland, France-Ireland	1	0	0	0
Wales-England, France-Ireland	1	0	0	0

and Ireland now are, can have advantages.

The reality which so many in Ireland do not wish to acknowledge, an Irish writer sermonized in January, "is that with such a small pool of talent from which to choose, it is unreasonable to expect Irish teams to be as good as the others." But what if the many who do not wish to acknowledge include 15 Irishmen on the field in Paris?

If recent scores were a guide, the Scots would be 31-point favorites over Wales — given that France beat Wales by 10 points and Scotland beat France by 21. One of the flaws in this sort of divination is failure to take account of home advantage.

Since the postwar resumption of play in 1947, Scotland has lost 18 of its 21 matches in Wales, while winning 12 of its 22 matches with Wales in Edinburgh. The three

## NFL Expands Playoffs By 2 Teams and Signs A \$1 Billion TV Deal

By Christine Brennan

Washington Post Service

WASHINGTON — In two sweeping moves Thursday, the National Football League added two wild-card teams to its playoffs and reached agreement on a contract with ABC-TV that will pay the league close to \$1 billion over the next four years, almost twice as much as the previous contract with the network.

The news came in what is becoming an off-season of remarkable change for the NFL. Earlier this week, the league agreed to TV deals with two cable networks and decided to lengthen the season by one week to create more TV exposure and commercial opportunities.

The NFL's agreements with ESPN and TBS are believed to be about \$450 million each, which means, including the ABC agreement, the league already has in hand almost \$2 billion in TV contracts, or about \$71 million for each of the 28 teams.

The ABC deal is for Monday night games, playoff games and at

least one Super Bowl. Negotiations with CBS and NBC, the traditional Sunday afternoon broadcasters of the game, are underway.

For the first time since 1978, the NFL is changing its playoff structure. Two more wild-card teams, one from the National Conference and one from the American, will be added to the mix, meaning that 12 teams will make the playoffs, beginning next season.

Of the four major professional U.S. sports, only baseball, with just the four division winners, has fewer playoff participants. In the National Basketball Association, 16 of 27 teams make the playoffs; in the National Hockey League, 16 of 21 qualify for postseason play.

"There has been much discussion, thought and suggestion from the clubs that we make changes to include more teams in the playoffs," said a league spokesman, Jim Hoffer. "Consider that last year, we had 17 teams go into the final weekend of the season with a chance to make the playoffs, but only two (wild-card) games the next weekend."

Now, there will be four. Qualifying for the playoffs will be the champions of the East, Central and West divisions of each conference and three wild-card teams from each conference.

The two division champions with the best records in each conference will receive byes the first week of the playoffs. The third division champion in each conference — the one with the worst record — will play at home against the wild-card team from its conference with the worst record. The wild-card teams with the best records will be at home against the teams with the second-best records.

The agreement with ABC nearly doubles the network's payments from \$120 million a year under the old agreement to an estimated \$225 million under the new package.

"This expanded agreement with ABC Sports indicates our satisfaction with their award-winning presentation to viewers for two decades," the NFL commissioner, Paul Tagliabue, said in a statement.

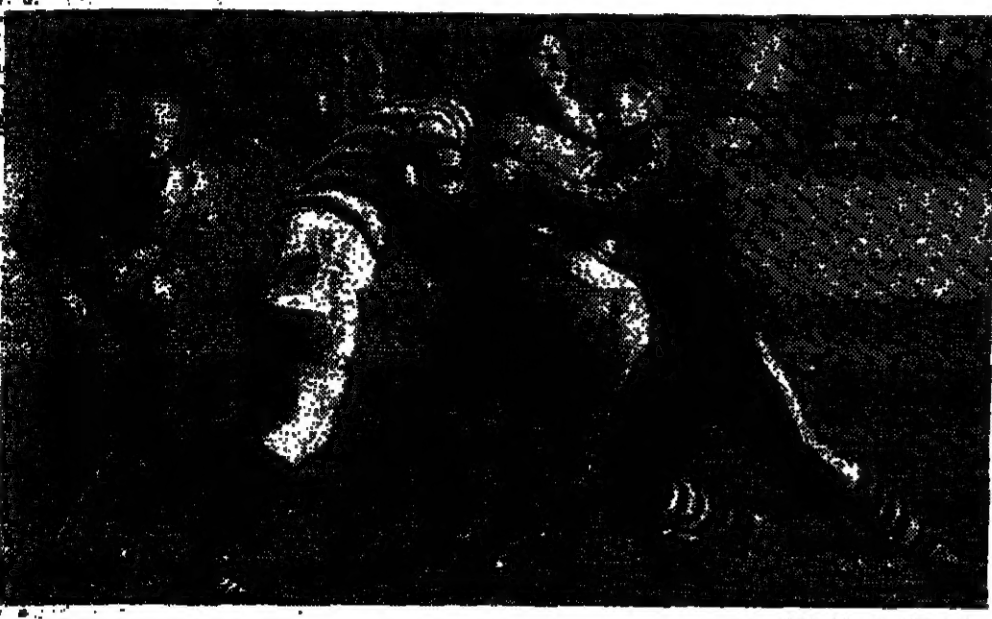
"... Also, we expect the two new first-round playoff games to create added competition and excitement around the league."

The new format will lessen the complications of one of the most confusing playoff systems in sports. It also will open another space in a system that occasionally has excluded a team that did not win its division, but had a better record than a team that won another division and thus qualified for the postseason.

The NFL has tried to make certain that teams from the same division do not meet until the conference championship games, unless they play in the wild-card game. Now, with a new format that will allow up to four teams from the same division into the playoffs, Hoffer said the league will attempt to devise a formula to prevent division teams from playing one another.

The playoff format is subject to ratification by league owners at their meeting in Orlando, Florida, in two weeks.

The league announced earlier this week that it will expand the season to 17 weeks this year and next and 18 weeks in 1992.



Coach Jacques Fouroux supervises French training. Eric Melville, right, is a South African-born forward who was naturalized last year and enters the squad as a substitute against Ireland Saturday.

## SCOREBOARD

## HOCKEY

## NHL Standings

Team	W	L	T	Pts	GP	GA
NY Rangers	35	11	9	83	55	218
Pittsburgh	30	15	10	70	55	232
NY Islanders	28	18	9	65	55	232
Philadelphia	26	21	8	60	55	232
Washington	26	21	8	60	55	232
New Jersey	25	22	8	58	55	232

Team	W	L	T	Pts	GP	GA
St. Louis	30	15	10	70	55	232
San Jose	28	18	9	65	55	232
Los Angeles	26	21	8	60	55	232
Edmonton	26	21	8	60	55	232
Calgary	25	22	8	58	55	232
Quebec	11	47	3	25	55	341

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Chicago	35	11	9	83	55	218
St. Louis	30	15	10	70	55	232
Toronto	28	18	9	65	55	232
Minnesota	26	21	8	60	55	232
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